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USAID/Haiti HICD Support to SONAPI

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FINAL ASSESSMENT REPORT

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ACRONYMS

BPR	Business Process Reengineering
CFI	Centre de Facilitation des Investissements
CHIA	Chartered Institute of Internal Auditors
CPA	Certified Professional Accountant
CRM	Customer Relations Manager
DDG	Deputy Director General
DG	Director General
ERP	Enterprise Resource Planning
GoH	Government of Haiti
HICD	Human and Institutional Capacity Development
HOPE	Hemispheric Opportunity through Partnership Encouragement
HR	Human Resources
HRM	Human Resources Management
IA	Internal Audit
IDB	Inter-American Development Bank
IBTCI	International Business & Technical Consultants, Inc.
IDB	International Development Bank
ILO	International Labor Organization
IMF	International Monetary Fund
IPTT	Indicator Performance Tracking Table
IPPIIS	Integrated Payroll and Personnel Integrated System
IT	Information Technologies
KIP	Key Indicator Performance
KM	Knowledge Management
KSA	Knowledge Skill Aptitude
LEVE	Local Enterprise and Value Chain Enhancement
M&E	Monitoring and Evaluation
PIC	Parc Industriel de Caracol
PIM	Parc Industriel de Métropolitain
POP	Period of Performance
PSP	Performance Solutions Package
QA	Quality Assurance
RFP	Request for Proposal
RSTP	Recruitment, Selection, Transfer, and Promotion
SEZ	Special Economic Zone
SONAPI	Société National des Parcs Industriels
SOP	Standard Operating Procedures
TNA	Training Needs Assessment
USAID	United States Agency for International Development
USG	United States Government
WB	World Bank

INTRODUCTION

The United States Agency for International Development (USAID)/Haiti contracted International Business & Technical Consultants, Inc. (IBTCI), through Task Order AID-OAA-I-13-00051 under contract AID-521-TO-17-00001, to conduct a Human Institutional Capacity Development (HICD) performance assessment for Haiti's Société Nationale Des Parcs Industriels (National Office of Industrial Parks), herein after referred to by its French acronym, SONAPI.

SONAPI is the regulatory authority for and manager of Haiti's two mixed-use light manufacturing parks: the 56.3 hectare Parc Industriel Metropolitain (PIM) located in Port-au-Prince and the 246 hectare Parc Industriel de Caracol (PIC) in Northern Haiti. With the opening of the PIC in 2012, SONAPI, a state-owned autonomous organization, has become the largest owner and operator of readily available industrial space in Haiti.

The goals of the HICD assessment are to: a) identify gaps in SONAPI's human and institutional capacity that impede efficient performance of its responsibilities; b) recommend a Performance Solutions Package to address those gaps; c) set a baseline for and monitor initial progress towards implementing those performance solutions utilizing a Balanced Scorecard; and, d) to the extent possible in the short time period of the assessment, support efforts to implement some of those performance solutions through capacity-building activities. This assessment report fulfills the first goal of the HICD assessment.

METHODOLOGY

The SONAPI organizational assessment was conducted at both PIM and PIC facilities from June to mid-August 2017. It covered ten functions of SONAPI in PIM and PIC; a statistically-representative sample of PIM/PIC industrial tenants; and various stakeholders. A comprehensive list of meetings is included in Annex A, including the name, title, affiliation, contact information and date of meeting. The team prepared and administered questionnaires, along with open-ended discussions, to ensure both objectivity of questions and application of HICD principles and approach. The team also led two contact group discussions around an HICD-specific questionnaire focused on the six subject areas of the HICD Behavior Engineering Model. The questionnaires are included in Annex B.

This assessment report uses a typical HICD report structure to present the following:

1. Findings where possible, based on evidence produced during interviews;
2. Issues and their probable causes;
3. Gaps, often defined by comparing current situations with international best practice; and
4. Recommendations and proposed solutions.

It is useful to underscore the importance of the interviews with various industrial tenants in PIM and PIC, which provided a critical means for cross-referencing and triangulating information gained from the central-administration-focused assessments. Part of SONAPI's mandate is to manage industrial parks, which signals that SONAPI is responsible for delivering effective and efficient goods and services to its client¹ base, i.e. the industrial tenants in PIM and PIC. Our interviews with SONAPI clients – their paying tenants – revealed there are many important problems/issues concerning SONAPI's service delivery. On a satisfaction scale of 1-5, the representative tenant population interviewed gives SONAPI an average score of 2.5. The specific information obtained during the tenant interviews is described in this report.

KEY FINDINGS

This section describes the critical findings revealed during the organizational assessment. Details are provided in the body of this document, organized around each of the 10 functional areas; each section contains a full presentation of issues, causes and proposed solutions. The assessment team found commonalities across functional areas, making them critical to address as cross-cutting issues. The intention is to create positive change across the performance issues facing SONAPI at this time. In addition, unpacking the critical findings and their respective causes addresses the total SONAPI organizational system, as portrayed in the HICD Behavior Engineering Model.

The critical findings are more challenging than others – lack of training policy, strategy, plans and programs, for example – because addressing even just the critical issues listed below requires a total-systems (HICD) view and approach to creating the changes that are required for SONAPI to become a continuous-performance-improvement-based, client-oriented organization, a key objective for the recently re-appointed Director General (DG). Any single change in a total organizational system will not be sufficient to create the total-systems changes required in order for SONAPI to successfully meet its mandate.

Key Finding 1: For nearly 40 years SONAPI has not met its mandate to plan, implement and manage industrial parks. Although PIC has been under the aegis of SONAPI since it opened in 2014, SONAPI can only take limited credit for being the proactive, strategic driver behind the planning and implementation of PIC.

SONAPI has not been held accountable for **not meeting** its mandate largely due to political issues beyond its control. The primary reason seems to be upper government authorities' disinterest in demanding that SONAPI manage itself as a business that produces results in compliance with its mandate. This impression is bolstered by the fact that the government has assigned 17 DGs to SONAPI over the past 37 years, most of whom are political professionals and not business professionals. The overall result is that SONAPI has no meaningful business growth vision, and without established goals there is no business growth strategy. As a result, SONAPI has no meaningful mid- or long-term strategic

¹ A **client** is a person or institution/organization who pays for (or is willing to pay for) services and goods

corporate plan to which SONAPI departments, units and individuals can align their respective strategic plans.²

Key Finding 2: SONAPI does not have a purpose-built structure. In addition, the organizational arrangements, e.g. the SONAPI organogram, which have been periodically tinkered with during the comings and goings of so many DGs, have consistently not met international standards such as the separation of Finance and Administration functions. As a result, there are no checks and balances in place. The fact that SONAPI is only now putting in place an Internal Audit (IA) function, suggests a top government disinterest in having SONAPI managed with proper control functions embedded in IA and Monitoring and Evaluation (M&E).

The proximate reason for the above situation stems from the silo structure of SONAPI, where all functional lines of reporting flow upward to the DG through a single control function of Finance and Administration. This leads to over-concentration of decision-making authority at the top, which significantly diminishes the possibility of managing SONAPI with principles and practices of responsibility, accountability and consequences.³ Government authorities and the Board of Directors are either unaware of or ambivalent to this silo structure. The SONAPI organization chart provided to the assessment team is included in Annex C.

The team's findings reveal that the over-concentration at the top of decision-making extends to daily, mundane matters. The DG's day is over-burdened with administrative reviews and approvals that should be cascaded down to lower levels, leaving the DG time and space to act at an appropriate strategic business level. Changing this will require a multi-pronged approach, which has been explained in this Mission's separate document concerning a potential new organizational structure.

One of the main objectives in the proposed new structure (included in Annex D) is to provide SONAPI with a central administration structural arrangement that is relatively flat and built to efficiently and successfully carry out its mandate to plan, develop and manage industrial parks in Haiti. To be more efficient requires creating a structure that is not the traditional, archaic, top-down, silo-effect public administration structure. To be more efficient also means that SONAPI must follow good international practices by creating an organizational structure that permits operational transparency, particularly by ensuring that the organization has appropriate functional checks and balances that avoid conflicts of interest and over-concentration of responsibility at the top.

² The current DG acknowledges these findings and mentioned to the team that planning is not part of Haitian culture.

³ The current DG specifically mentioned to the assessment team that he wants this mission to propose a new SONAPI organizational arrangement that addresses the mentioned issues, stating that it is important to create a new structure that will not be tampered with by each and every new SONAPI DG. He stated: "It is important to get this right and do it right". The team has submitted a rather exhaustive proposal for a new SONAPI organizational structure, in a separate document.

The key changes proposed include the following:

- Four new functions are proposed: Risk Management, Knowledge Management, Communications (already being implemented) & Markets Mobilization. Two functions should be reinvented, as though they were brand new functions: Planning and Monitoring & Control.
- The Department of Administration & Finance should be split among four Directorates: Finance, Operations, Staff, and Industrial Parks Development.
- Six or seven functions should report directly to the DG or Deputy Director General (DDG). Either three or five (an uneven number is needed for voting purposes) of these direct reports should assume the role of an Executive Quality Assurance/Quality Management (QA/QM) Board. Given the need to be as transversally strategic as possible, the team believes that Markets Mobilization, Procurement and Internal Audit would be the most logical choices for a QA/QM Board.

Key Finding 3: Until the DG's recent return, SONAPI has not had a change vision or change strategy to guide it toward and across needed organizational change. The constant turnover of DGs over the past 37 years has made it impossible to develop a change strategy and corresponding change plans. In addition, the SONAPI mission statement and vision statement do not conform to the definition of what constitutes a good mission statement.

SONAPI seems to have had no clear idea of where it is going over the past 37 years, preventing it from successfully planning, developing and managing industrial parks. SONAPI has not established a clear sense of vision and mission as the driving forces of its business. The absence of clear direction and purpose expressed in SONAPI mission and vision statements has contributed to the various performance issues identified during the assessment. During the two contact group interviews with 12 persons, none could articulate SONAPI's mandate and mission; some even asked for a definition of the term "mandate". The problem is two-fold: SONAPI lacks a purposeful mission statement; and staff cannot articulate the existing mission statement. Not knowing the mission statement renders it meaningless because the organization cannot create strategic annual plans aimed at successfully supporting the mission.

The new DG has nonetheless articulated his change vision: SONAPI delivers value-added operations to internal and external customers. In order for it to achieve value-added services and goods to existing and possible future industrial parks investors, SONAPI will be required to make some substantial changes in how it conducts its business and in how it is organized to do so.

The DG's SONAPI vision to deliver value-added operations to internal and external customers will become possible if SONAPI first re-engineers or redesigns vital work processes. This is the only way it can progressively acquire the capacity to reliably and effectively improve the way in which SONAPI has traditionally delivered its services.

In short, the team is emphasizing the need to strengthen and change performance. The institutionalization of positive performance change is denoted by regularity in the delivery of quality, value-added services to internal and external customers and clients. Sustainability is measured by the volume or frequency of demand over time for an institution's services and the responsiveness of the institution to the demand. SONAPI staff will know they are beginning to improve their performance when clients perceive an improvement in SONAPI services and when SONAPI begins to deliver on its mandate.

The above three critical findings make it clear that in order for SONAPI to successfully meet its mandate, or to be successful in managing its present PIM and PIC responsibilities towards its tenants, SONAPI will need to undertake substantial, systemic change. In order to plan and implement the kinds of change recommended in this report, and in the document that presents the proposal for a new SONAPI organizational structure, SONAPI will need to define its change vision, create a change strategy, communicate its change strategy, and plan and implement the change interventions. Doing so will require a high level of change leadership. It is likely that SONAPI management and staff would greatly benefit from professional training.

SONAPI FUNCTIONS

The sections that follow describe in detail the 10 functions reviewed by the assessment team. A chapter on tenant services is included in addition to the 10 functions listed below, even though it is not currently a specific function within SONAPI.

- | | |
|---------------------------|---|
| 1. Finance and Accounting | 7. Engineering |
| 2. Human Resources | 8. Communications & SONAPI
Promotion |
| 3. Procurement | 9. Legal Affairs |
| 4. Assets Management | 10. Internal Audit |
| 5. Information Technology | |
| 6. Logistics | |

Each section is organized in the same manner, to the extent feasible. For example, the Internal Audit Unit is newly established, so the structure and role, as well as staff responsibilities, are too new to fully assess. In other cases, the report includes additional information as deemed pertinent.

1. FINANCE AND ACCOUNTING

OVERVIEW

Structure and Role of the Department

Finance and Accounting is one of the functions assessed by the team, and is carried out by the Finance unit of the Finance and Administrative Department.⁴ The Finance Function previously existed as an independent department reporting to the Director General (DG), until a previous DG changed the existing structure. As result, the former Director of Finance has shifted to another role. It is expected that the Finance Department will be re-established when the current DG appoints a new Director of Finance and receives approval from the Board of Directors.

SONAPI has two separate accounting units, one covering the operations for the Metropolitan Industrial Park (PIM) and another for Caracol Industrial Park (PIC)⁵. Each unit is supervised by a chief accountant, both of whom report to the Finance and Administration Department Head. Each unit produces its own financial reports (Balance sheet, Income statement and Cash flow statement) and does its own budget preparation and monitoring. The explanation given the team for the separate PIC and PIM processes is that this is required on a temporary basis as part of the Inter-American Development Bank's (IDB) support for PIC.

Both accounting units play the overall role of a finance⁶ function with the following duties:

- Transactions and bookkeeping: Accounts receivable, accounts payable, expenses, revenues;
- Reporting: Financial statements (balance sheet, income statement, cash flow);
- Controls: Transactions, Validation, Reconciliation;
- Cash Management: Treasury role to prevent cash shortage; and
- Budget Preparation and Monitoring: Budget forecast (revenues and expenses), analysis of actuals against projections.

Staff and Responsibilities

The table below describes staff assignments, along with their education and experience levels.

Position	Tasks	Education or Certification	Years of Experience
I.PIM			
Chief Accountant	<ul style="list-style-type: none">✓ Supervision and coaching of the team✓ Verification and approval of reports	Bachelor's degree in Accounting Sciences, No Professional certification received	7

⁴ The term "Department" as used here refers to what is called in French "Direction"

⁵ The PIC accounting unit is also based at SONAPI's Port au Prince headquarters office.

⁶ Excluding strategic planning.

	<ul style="list-style-type: none"> ✓ Treasury bank account and cash ✓ Responsible for financial statements 		
Chief Accountant Assistant	<ul style="list-style-type: none"> ✓ Assist in Financial statement preparation ✓ Budget monitoring and control ✓ Manage debtor's accounts 	Diploma in Accounting	3
Accountant	<ul style="list-style-type: none"> ✓ Payroll and taxes preparation ✓ DGI (Taxes) ONA (pension) reports for employees ✓ Monitor bank deposit of salaries ✓ Prepare checks for payment 	Diploma in Accounting	2
Accountant	<ul style="list-style-type: none"> ✓ Prepare checks for creditors payment ✓ Payroll of consultants (sometimes 5+) ✓ Assist with payroll preparation related to overtime hours ✓ Preparation of treasury report (Cash in and cash out) 	Diploma in Accounting	2
Accountant	<ul style="list-style-type: none"> ✓ Managing accounts payables ✓ Prepare checks for debtors payment ✓ Prepare reports (monthly, quarterly and annual) ✓ Cover during leave 	Diploma in Accounting	3
II. PIC			
Chief Accountant (head office)	<ul style="list-style-type: none"> ✓ Record transactions in the system ✓ Report for the IDB ✓ Bank reconciliation ✓ Financial statement for the PIC ✓ Supervise direct reports 	CPA, BA in Accounting	10+
Junior Accountant (at Caracol)	<ul style="list-style-type: none"> ✓ Collection of invoices to be recorded and paid from the head office ✓ Preparation of payroll to be processed at the head office. 	Diploma in Accounting	2
Filing Clerk	<ul style="list-style-type: none"> ✓ Filing all accounting documents 		

Reporting

Report	Content	Report to
Daily	Treasury report (cash)	DG, Head of Department
Monthly	Budget monitoring	DG, Head of Department
Quarterly	Financial statement (Income statement, Balance sheet) Budget monitoring	DG, Head of Department, Ministry of Commerce
Annual	Same as above	Same as above

The quarterly financial reports are prepared in Excel with the information imported from QuickBooks Software, the accounting core system. On the Excel sheet, the presentation is improved and manual adjustments made. The reports from the core system are not 100% accurate (perhaps 95% according to the chief accountant). Finalizing the report can take three months due to the time required to collect justifications. Some invoices that should be recorded at the end of the month reach the accounting office much later.

Both chief accountants stated that reporting complies with international financial reporting standards (IFRS), but an external audit would be required to verify compliance with international accounting and financial reporting standards.

Tools

QuickBooks Software is the core accounting system used. Transactions are recorded and then reports are automatically generated. As mentioned above, these reports are not 100% accurate and have to be adjusted manually in Excel. Once transactions are recorded in the system, all the important accounting reports can be produced for verification: journal, general ledger, trial balance, income statement, balance sheet, and cash flow. Some tasks that consume more staff time are also done manually in Excel, including payroll, budget management, and monitoring.

There is no written process and related procedures manual. This is the same for the accounting and reporting policies.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ The structure seems to depend on the DG. New DGs typically revise the organizational chart. ✓ The existing organizational chart is different from the chart approved by the Board of Directors in 2015. ✓ The Finance Department is not playing a leading or strategic role. 	<ul style="list-style-type: none"> ✓ Lack of corporate governance policy which leaves the DG with excessive decision power. ✓ Management not focusing on the mission of the company. ✓ Lack of strategic management and weak leadership culture. ✓ Lack of written processes and procedures. ✓ Lack of clear job descriptions.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ Staff with only basic education for the job and tasks assigned. ✓ Only one certified accountant. ✓ No training plan for career development. ✓ Low experience for some staff (<5 years) ✓ No clear segregation of duties. 	<ul style="list-style-type: none"> ✓ Lack of training policy. ✓ Lack of Human Resources policy.
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ Manual changes to reports despite having software to generate automated report. ✓ Three months is too long for finalizing reports. ✓ Not clear if the IFRS standards are complied with as there is no confirmation by external audit report. ✓ Board non-operational, role played by the Ministry of Commerce. ✓ Reports not discussed in executive management. 	<ul style="list-style-type: none"> ✓ Lack of policy and procedures. ✓ Lack of standards to improve effectiveness ✓ Low automation of operations in accounting ✓ Difficult to have Board meetings as the Directors are very busy. ✓ No internal audit department for many years and non-intervention of the external audit to enforce respect for the rules.
Tools	<ul style="list-style-type: none"> ✓ Payroll and budget management not automated. ✓ Transaction control and validations not set in the core system. ✓ PIC accounting done at the head office although reported separately. 	<ul style="list-style-type: none"> ✓ Management not focusing on effectiveness and efficiency. ✓ Lack of process analysis
Working environment	<ul style="list-style-type: none"> ✓ Budget not discussed and shared at the executive management level before being sent to a higher level for approval. ✓ Budget is only approved by the Ministry of Commerce and not by the full Board of Directors. ✓ Reports not generally followed by related feedback from the top level to the middle and lower level. 	<ul style="list-style-type: none"> ✓ Lack of enforced governance policy ✓ Lack of finance procedures ✓ Lack of communication policy
Decision making	<ul style="list-style-type: none"> ✓ Very centralized decision making, concentrated in the DG. ✓ PIC management focuses only on administration and daily operations. All decisions are made at the head office, delaying operations. 	<ul style="list-style-type: none"> ✓ Management not focusing on effectiveness and efficiency.

RECOMMENDED SOLUTIONS

Findings common across all SONAPI functions, including the Finance Function, are

- Lack of policies, processes, and procedures
- Lack of approved organizational chart
- Lack of training policy
- Lack of governance policy

In addition to the above findings, the following are recommendations specific to the Finance Function:

- Empower the Finance Function to be more strategic,
- Establish policies and procedures for more effectiveness and efficiency,
- Automate operations for more accuracy and efficiency, and
- Improve skills to drive future performance.

Empower the Finance Function to be more Strategic

The current role of the Finance Function is solely focusing on the short-term, mostly managing accounting operations. The Finance unit should be rebranded and empowered to become a strategic planning department that focuses on SONAPI's medium and long-term vision. This will help the top management (Board of Directors and executive management) to drive the organization towards growth and future performance. The rebranded Finance Department should include the following functions:

- Financial Planning & Analysis: SONAPI needs to prepare reliable business plans and strategic plans and set the tools and measures to monitor their implementation.
- Capital Budgeting: SONAPI must gauge the profitability and sustainability of its investment decisions, especially the financial and economic returns on investment. Investing in capital assets (building and infrastructure) must be done on the basis of thorough studies.
- Corporate Development & Corporate Strategy: Tasks include sourcing debt and equity financing, making capital structure decisions, and providing input for high-level strategic decisions.

Policy, Procedures, & Processes to be Written and Fully Implemented

Best practices suggest that a process reengineering⁷ exercise should precede the development of new procedures and/or organizational structures. This solution is also proposed in our package

⁷ Deep analysis of the organization with the objective of ensuring more efficiency and effectiveness, comprising five core steps: define the organization objectives, identify the organization need, study the existing process, formulate a redesign plan and implement the redesign plan.

for the overall SONAPI corporate organization. The table below describes best practices for procedures in the Finance Function.

Procedures	Includes:
General Statement on Accounting Policies and procedures	Main guidelines which summarize the overall accounting policies and procedures
Accounting recordings	Accounting Principles (IFRS)
Financial reports	Types, design, purposes
Controls	Verification, validation, tasks segregation
Budget	Preparation, Approval process, monitoring and analysis, management feedback
Cash management	Banks, petty cash, cash on hand, cash receipts, disbursement
Accounts receivable, Accounts payable	Collection, payment
Investments	Types, limits, decisions
Payroll	Staff, Taxes, Pension funds
Assets Management (including properties)	Valuation, depreciation, write-offs
Provisions	Types, accounting principles

The list provided above is not exhaustive, but it contains most of the items generally considered part of the Finance Function.

Automate Operations

The Accounting unit should rely more extensively on QuickBooks to generate accounting reports (journal, general ledger, trial balance, balance sheet and the income statement), as well as other reports that are currently produced manually or are only semi-automated. For example, Payroll is currently prepared on Excel, which is easily manipulated and subject to human error.

Automating budget management and monitoring, including salary, taxes, social security, internal advance repayment, etc. would result in greater accuracy and more efficient time management. The team recommends that SONAPI automate the overall accounts reporting with the objective of achieving 100% accuracy, rendering manual adjustments unnecessary. The current QuickBooks setting should be changed to produce 100% accurate financial statements (balance sheet, income statement, cash flow statement, accounts receivable and accounts payable). The team also recommends automating payroll (salaries, tax, and social security funds) and budget monitoring.

Enhance Skills

The newly empowered Finance Function will need staff with more financial and analytical skills. SONAPI should assess the Finance and Accounting staff's current skills relative to those needed for the new responsibilities to be assumed (particularly those for strategic planning), and design a skills development plan for training and coaching. Current accounting staff should be encouraged and supported to pursue CPA certification.

2. HUMAN RESOURCES (HR)

OVERVIEW

Structure and Role of the Department

Human Resources (HR) is one of the functions assessed by the team, and is carried out by the HR Department. The main focus of this section is to describe the current situation in the SONAPI HR Department, and compare it to good international policies and practices to understand, where appropriate, how current SONAPI policies/practices differ from the best international practices.⁸ The differences help to understand where gaps exist and begin to establish a benchmark for the desired “future state” of HR.

In the existing organizational structure, Administration and Finance are not separated, so, for example, HR and Payroll have a single line of reporting. As a result, there are no checks and balances between Administration and Finance, which should be corrected immediately. The assessment of the current SONAPI Human Resources Management (HRM) framework covers the following 10 themes:

1. Recruitment
2. Staffing (Placement)
3. Training
4. Retention
5. Staff Appraisal
6. Performance Management
7. Promotion
8. Career Development
9. Staff Attendance
10. Management Information Systems (as related to HR)

In the HR structure as described by the current HR Director, the role of SONAPI HR is basically that of a clerical function, with responsibilities of a mainly administrative nature concerning the 338 PIM staff and 210 PIC staff. The assessment team did not find any evidence that the HR Department is developing or has established good HR policies and procedural building blocks. The team’s recommendations point to the need to reinvent HR, to give it a more significant mandate and position in the SONAPI organizational structure.

HR themes 1-8 above are classified in good international practices as an organization’s workforce planning and talent management or career development system. At this time, SONAPI’s HR Department does not have the structure, the personnel, or the systems that

⁸ SONAPI does not have approved manuals of HR policy, procedure, and processes. SONAPI staff indicated they have manuals under review, but could not share them because they were in draft form. No “original” manuals were made available until after the presentation of findings on August 11. The consultant responsible for crafting SONAPI manuals of policy and procedure in 2016 was interviewed, but did not remember what manuals he worked on.

resemble a workforce planning and talent management or career development system. Reinventing HR can contribute to a business strategy and plan to grow SONAPI beyond the two existing industrial parks.

The term “system” underscores the important fact that the first eight themes covered and discussed are tightly integrated in both the processes and purpose of planning for, attracting, developing, deploying, nurturing, and retaining needed talent in an organization’s career structure. SONAPI does not have a career-based employment system⁹ that supports its strategic development goals, which, at this point, the team members were informed do not exist in any formalized document.

The HR Department will need to lead SONAPI in establishing career management as the underpinning of the SONAPI mandate, which can provide the organization the competitive edge needed to attract, engage, grow and retain talent, particularly in light of so many other private industrial parks and special economic zones (SEZ) that have been created in Haiti over recent years. Failure to do so could diminish SONAPI’s relevance as a viable option for potential investors.

Staff and Responsibilities

The table below lists the current SONAPI HR functions comprised of four units, each staffed by a single person. The HR structure described below does not match the 2015 SONAPI organogram, which appears to be out of date.¹⁰

SONAPI HR STRUCTURE	
OCTOBER 2015 ORGANOGRAM	ACTUAL
HR Director	HR Director
Social Benefits Unit	HR Deputy Director
Endowment and Training Unit	Administrative Officer
	Administrative Assistant

The HR Department does not have the type or level of professional talent that is up to the challenge of helping SONAPI create a true HR talent management strategy and culture. It is a serious challenge to determine who can lead the reinvention of SONAPI’s HR.

SONAPI is planning to introduce Enterprise Resource Planning (ERP)¹¹ software, which will have a wide-ranging impact on SONAPI. One of the most heavily impacted functional areas will

⁹ A career-based system will be impossible to create in PIC with the current structure, as 95% of staff are on 1-year renewable contracts. However, it should be possible in PIM, given that 72% of staff have indefinite contracts.

¹⁰ No one interviewed was able to provide a SONAPI organogram more recent than the October 2015 version, which is no longer what actually exists in practice. According to persons interviewed, a new organogram is under review and could not be shared with the assessment team for that reason.

¹¹ Enterprise Resource Planning (ERP) is a process by which a company (often a manufacturer) manages and integrates the important parts of its business, e.g. planning, purchasing, inventory, sales, marketing, finance and human resources. Dell EMC Corporation Data Domain Deduplication Storage Systems, which is the system the IT Manager is inclined to select, reduces the amount of disk storage needed to retain and protect data by ratios of

be the current skeletal HR Department, which currently works manually or with software programs in stand-alone computers. Software applications will result in current HR and payroll manual activities becoming redundant. The SONAPI IT department has good technical expertise to ensure successful roll-out of a new automated system. The IT Head understands that software applications are business management support tools, and that an open-architecture software system informs organizational structure. The eventual breadth and depth of SONAPI's IT/IS capacity and competence will be greatly appreciated once such a system is rolled out and if SONAPI undertakes the recommended restructuring that is discussed in other parts of this document. IT must play a critical support role for helping HR through the changes that the eventual ERP-based software applications will bring.

Tools

The HR Function uses basic MS Word and Excel software on stand-alone computers. All HR staff have their own dedicated desktop computers. They do not have read-only access to the budget to know what the training budget is. They do not conduct any training needs assessments, nor can they make annual requests for a SONAPI training budget. They can only refer staff to top management to request this information.

When asked for the figures on staff numbers, by hierarchy or by category or between PIC and PIM, HR staff cannot easily or quickly use their computers to provide the numbers. They have no access to payroll in order to capture actual figures.

Their stand-alone computers do not allow HR staff to do any normal staff analyses. For example, HR cannot review the salary pyramid of SONAPI. HR is generally unacquainted with the Integrated Payroll and Personnel Information System (IPPIS) approach and seem poorly positioned, from both talent and organizational hierarchy perspectives, to champion the need for an IPPIS. Fortunately, IT staff are aware of the benefits and needs for an IPPIS, and they have apparently moved the request forward for top management consideration.

Gender Issues

Despite a lack of relevant gender policies and an overwhelmingly male work force, SONAPI has several women in key positions. According to SONAPI HR staff, Government of Haiti policy is that women should comprise at least 30% of the public sector workforce. The actual percentage at SONAPI is much lower: only 16.6% (42 of 253) of employees at PIM and 18% (52/271) at PIC. Unsurprisingly given the lack of written HR policies in general, SONAPI has no formal gender policy beyond the government policy outlined above. As noted under the "Gaps" table below, there are no career development policies or systemic performance management standards, and only minimal standards on recruitment. Once such policies and standards are in place, it will be possible to build gender policies into them. Despite these gaps, women in key positions in SONAPI include the department heads for administration, HR, Finance, Legal Affairs and Procurement.

10-30x. Data Domain systems make it possible to complete more backups in less time and provide faster, more reliable restores.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ SONAPI is not purpose-built, therefore neither is HR. ✓ The overall structure often changes with each DG, but HR's low hierarchical situation has never changed. ✓ HR's position in the hierarchy shows HR is underpowered and under-appreciated and cannot, therefore, take a strategic role or position as SONAPI's workforce planning and talent management or career development system. ✓ HR is a clerical support function, with no talent base (in either numbers or skills base) to professionally develop, lead or manage any of the 10 themes assessed. ✓ HR is not expected to develop and manage any kind of continuous performance improvement or management system. ✓ Administration and Finance are not separated, resulting in the absence of good international practice checks and balances. ✓ HR has no role/responsibility for training needs assessments, and there is no training strategy, plan, or ability to recommend or manage demand-driven training interventions. 	<ul style="list-style-type: none"> ✓ Traditional, archaic public sector attitude that sees HR as a clerical support function, and not as a vital, strategic partner in proactively supporting business needs. ✓ Top management normally not selected on basis of their business acumen, perpetuating archaic attitude towards HR. ✓ SONAPI has seen significant turnover of DGs, with 17 since 1980. Even if top SONAPI managers had a modern attitude towards HR and its strategic role in supporting business, most DGs are not in place long enough to get their modern, business-based initiatives launched and institutionalized.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ 3 staff possess basic education for the job. ✓ Tasks enumerated in job descriptions are "traditional" lists of duties and responsibilities, with no performance indicators or Knowledge, Skills, Aptitudes (KSA) requirements. ✓ No training strategy, policy or plan for up-skilling HR staff, particularly to take on more sophisticated, modern HR systems work. ✓ No training needs assessment conducted. ✓ Lack of career development policy, strategy, or plan. ✓ There is apparently a budget for training. ✓ HR-specific policies & procedures not documented. 	<ul style="list-style-type: none"> ✓ Apparent disinterest or understanding at highest government and SONAPI levels concerning importance in investing in HR capacity building. ✓ Apparent historical interest in DG keeping exclusive control over what is budgeted for training and who benefits from the training budget.
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ No systemic HR performance management standards or systems exist that define HR performance or how to manage performance, therefore no means for reporting on compliance to standards. ✓ Basic adherence to recruitment, selection, transfer & promotion (RSTP) procedures, although transfer and promotion activities are minimal. 	<ul style="list-style-type: none"> ✓ Compliance requires culture & systems of responsibility, accountability & consequence; and systems of planning, results-based management and monitoring and evaluation (M&E). SONAPI does not manage with this kind of systemic and systematic performance-improvement-based approach.

	<ul style="list-style-type: none"> ✓ No gender policy ✓ Staffing numbers reports are via payroll accounts. ✓ No internal audit or M&E functions to guide and report on HR activities. 	<ul style="list-style-type: none"> ✓ Top government and SONAPI leaders seem disinterested in implementing & institutionalizing results-based performance systems, which would require transparency and accountability for results.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements not yet assessed by IT experts in order to ensure properly upgraded equipment and software are available to handle upcoming demands imposed by IPPIS and ERP-based platforms. 	<ul style="list-style-type: none"> ✓ Management traditionally not concerned about upgrading importance, e.g. role and organizational hierarchy “status” of HR function and ensuring HR is fully-competent in providing proactive, full-service HR support to SONAPI, across the 10 thematic items assessed.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Four desks are crowded into very small room. ✓ Inadequate desk surface space & completely inadequate cabinets for physical files. ✓ Entire PIM building installation requires major expansion, or the construction of a new, work-friendly building similar to the physical installations at PIC. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ Supervisors and managers do not coach or praise good work; they only notify staff when they think work is being poorly done. ✓ Supervisors & managers need training in managing and evaluating HR performance. 	<ul style="list-style-type: none"> ✓ Traditional, archaic public sector attitudes towards controlling staff as opposed to managing HR performance. ✓ Apparent complacency or unawareness of most DGs over past 37 years concerning cost efficiency and return on investment brought by managing human resources and managing technical duties and responsibilities.
Decision making	<ul style="list-style-type: none"> ✓ Centralized decision-making authority concentrated in the DG, who unilaterally decides on training budget levels and beneficiaries and retains signature approval for petty cash expenditure over \$US70. ✓ PIC management is mostly charged with daily administration and operations, with little decision-making responsibility and authority for much beyond mundane daily matters. Important decisions are made in Port-au-Prince, leading to slowdowns because of overload at the top with mundane matters. 	<ul style="list-style-type: none"> ✓ Archaic, top-down decision-making style common to traditional public sector management, perpetuated in SONAPI by top central government not placing business managers at the helm of an organization that is inherently a business, not a public ministry.

RECOMMENDED SOLUTIONS

The first, key solutions and interventions related to HR are:

- Redefine the mandate of HR as a workforce planning and talent management or career development function, mandated to create, implement and manage an HR system enshrined in principles and practices;
- Restructure a right-sized, purpose-built HR department along the lines proposed for the HR function in the proposed new organizational structure. Use a business process reengineering (BPR) approach for creating streamlined, efficient core HR processes. This will necessarily obtain a first critical result: the separation of Administration and Finance functions, creating good international practice checks and balances;
- Professionalize current staff by providing skills training required for managing the 10 thematic areas assessed for an HR function. Hire new talent as required;
- Automate all HR activities. This, together with the BPR work, will create a demand on HR to retrain and/or relocate staff; or hire professionals with the requisite skills for putting into place a reinvented HR function.

Empower HR Function

If the above-mentioned actions are undertaken, using the technical approaches recommended by the Assessment Team in the proposed SONAPI restructuring, this will end up giving HR its proper, empowered role, with clearly defined ranges of responsibility and authority. This means professionalizing the current HR staff, so that they can competently manage all ten thematic areas assessed in the HR function. Overall, the end result should be an HR function that plays a strategic leadership and support role to ensure SONAPI can meet its future growth needs, as well as ensure it becomes a continuous performance-improvement-driven organization.

Develop and Implement Policies, Procedures, & Processes

Streamlined processes inform procedures: once HR carries out a well-performed, in-depth Business Process Reengineering (BPR) activity, with well-detailed, streamlined HR processes for all vital HR work processes and their key support activities, staff can prepare detailed manuals of HR processes and procedures, including the creation of flow diagrams for these processes. Once a proper, new mandate for HR has been agreed to, using the suggestions presented in this mission's assessment, SONAPI can prepare policy manuals to cover every aspect of HR. This should include policies on how to integrate gender issues, including promoting equal opportunities in the recruitment, selection, promotion, and career development areas.

Automate Operations

IT is already exploring ERP-based software solutions for SONAPI that would be part of the process of automating HR operations. However, final decisions on what software to use/when to implement/automate HR should not be undertaken before the BPR activity is undertaken. Such elaborate changes in the current situation would not be worth undertaking, because they would

be done in isolation from a total-systems approach, which is the only viable approach for getting SONAPI to migrate from manual systems and records to an electronic HR operation.

Automating SONAPI operations in a total-systems perspective and approach will impact present manual jobs and people occupying those jobs, who will require retraining and/or relocation. Top management need to create their SONAPI change vision, from which point they formulate their change strategy and plans. It is imperative that SONAPI management prepare for leading the organization through the changes that the kinds of solutions proposed will engender.

HR should be poised for and must help IT to provide HR with the best advice possible in two areas: Integrated Payroll and Personnel Information System (IPPIS) and automated documents management software. Both are long-term efforts requiring extensive training in whatever software is created, as well as in the creation of document protocols, coding and so forth.

Improve Skills

It is too early to say exactly what skills improvements are required for the future HR Function. How SONAPI redefines itself will determine what kinds of skills training will be required to up-skill the current skeletal HR staff of four employees. This will also determine if the current staff should be reassigned or replaced with HR professionals.

3. PROCUREMENT

OVERVIEW

Structure and Role of the Department

Procurement is one of the SONAPI functions assessed by the team, and is carried out by the Logistics Department. We compared the current situation in SONAPI with good international policies and practices in Procurement to understand, where appropriate, the differences between the two and the evidential gaps that exist. Furthermore, good international practice allows one to benchmark the desired “future state” for Procurement.

The only SONAPI organizational chart available to review is the 2015 version, although the team has heard a new version is currently in development. In the existing version, Administration and Finance are not separated. The single line of functions reporting to the top, via the single point of oversight, Administration and Finance Manager, means there are no checks and balances between Administration and Finance and, by extension, for the Procurement Function. This exposes Procurement to possible irregularities, with no neutral oversight, not even (up to now) of an Internal Audit Function. This needs to be corrected immediately.

The Procurement Department has a staff of two personnel and is awaiting designation of a third person. It has the responsibility to manage ‘cradle-to-grave activities’ in the following seven (7) areas, each of which constitutes a classic procurement function responsibility and authority area. The seven areas are:

- A. Procurement Planning & Coordination
- B. Procurement Operations
- C. Bidding Procedures
- D. Delivery & Reception
- E. Contract Administration – Documentation & Management
- F. Supplier Selection, Communications, & Performance Management
- G. Legislative and Regulatory Framework

The following is an overview of the critical findings, as related to the first six mentioned Procurement responsibility areas. The responsibility areas are those that standardized, good international practice questionnaires focus on for assessing a procurement function.

A. Procurement Planning & Coordination

There is no strategic SONAPI document that describes the overarching SONAPI business development strategy or annual business achievement objectives to inform Procurement how the function can construct its own annual or forward-looking procurement strategy and plans. As a result, procurement planning is done annually. Although not verified, the lack of “cause/effect” analyses for Procurement and limited short-term annual procurement planning contributes to the slowness of Procurement’s response to (for example) PIC Hydraulics and Wells Unit’s request for parts to repair leakage in the hydraulics installation.

According to the Procurement Director, SONAPI previously had a 5-year plan. However, with regular SONAPI top management changes, each change resulting in a broad adjustment of management personnel and a new SONAPI DG, forward-projecting planning has largely ceased to exist.

During SONAPI's annual July to October budget planning cycle, the Procurement Department collects the procurement needs from all SONAPI departments and units. It assembles, analyzes, and consolidates the procurement requests, and forwards the consolidated procurement needs request to Finance for final determinations. The Director of Procurement stated that there is no specific, standardized, official form used for this exercise. There is a meeting held to explain procurement planning processes. Once the meeting has been held, the departments and units prepare a paper document, in the form of a memo or letter, which they submit to Procurement to outline their procurement needs.

Procurement staff told the team that it gets a 100% response rate from SONAPI departments and units, in time for Procurement to submit SONAPI-wide procurement needs to Finance during the annual budget planning cycle. However, on closer examination, one discovers that not all SONAPI units participate in sending in their procurement needs. One case in point is Archives, which has never been asked what its procurement needs are. Another problem is a lack of response to on-time requests to Procurement for annual budgeting activities. For example, the PIC Hydraulics and Wells Unit made requests in 2015 and 2016 for parts required to repair leaking sections of the main hydraulics installation, but stated that, to date, it has not had a response concerning these repeated requests.

There are no SONAPI-specific manuals of policy and procedure for the procurement planning and coordination part of procurement responsibilities, wherein one should normally be able to review standardized procurement forms and documents. Procurement does not post forms and documents online for departments to refer to. Thus, it is not possible to assess the degree to which Procurement is strictly following procedure, other than to note that the Director of Procurement stated that the SONAPI procurement procedures follow the norms, rules and regulations of the World Bank (WB), the Inter-American Development Bank (IDB), and the latest (2009) National Procurement Law. Because there are no internal audit reports, which normally could be referred to as a means to verify the Director of Procurement's statement, the assessment team was not able to assess the degree of SONAPI's actual conformity to the above-mentioned norms, rules and regulations.

At this time, there is no procurement trend analysis performed at SONAPI to provide the percentage of expressed needs that actually get budgeted. Nor is there any analysis performed for understanding how procurement needs increase or decrease year by year, how the increases or decreases are reflected in the corresponding annual procurement budgets, or what the just-in-time procurement and purchasing needs might be across SONAPI. Persons interviewed stated that "this is in the process of being developed."

The Procurement Director interviewed stated that the only procurement risks worthy of mention are: 1) the possibility that products planned for purchase are not available on the market (in which case Procurement would be well-advised to establish closer communications with the

supplier markets); and 2) reluctance of suppliers to respond to SONAPI RFPs, because they do not trust SONAPI to use fair bid evaluation processes.

B. Procurement Operations

As stated above, the Procurement Function claims it follows standard national WB and IDB norms and legal procedures across the entire procurement processes. However, in addition to the lack of current SONAPI-specific manuals of procurement policy, process, and procedure, there are also no flow diagrams that describe the SONAPI procurement processes. Therefore, should someone need to audit Procurement, there would be no authoritative document for evaluating how Procurement operations do/do not follow established procedures, and with what level of efficiency.

The Procurement Director stated that SONAPI needs to develop improved, standardized purchase order forms. The current ones do not allow employees to enter all of the specifications required for making purchases. This can cause problems at delivery point. If specifications are not sufficiently described on the purchase order form, it is difficult to verify if someone is or is not receiving exactly what is required and being paid for. Despite the obvious risks, it was stated that this is not a serious problem. Rather, the principal problem stated is late deliveries by suppliers.

C. Bidding Procedures

As mentioned earlier, the Director of Procurement stated that SONAPI follows standard national, WB, and IDB norms and legal bidding procedures. Competitive bids must be obtained for anything above the petty cash funds available, which is limited to \$US70. Anything above that must be approved by the DG. While the petty cash limit might on the surface appear to be a laudable control mechanism, in reality the limit seems overly rigorous.

IDB audits of Procurement were not made available in time for this assessment to verify the degree to which Procurement conforms to good international bidding practice, or for knowing the degree of bidding procedures efficiency. Given that Procurement uses manually produced memos and letters, there could be good efficiency gains if ‘cradle-to-grave’ procurement processes were automated. For example, there is no bidder pre-qualification process, and SONAPI does not keep a record of “golden passport” suppliers.¹² SONAPI relies on “memory” concerning reliable suppliers. The use of a proper online database could significantly streamline the procurement process and increase transparency.

The reluctance of suppliers to respond to SONAPI Request for Proposals (RFP), because the suppliers do not trust that SONAPI uses fair bid evaluation processes, should be analyzed and

¹² Golden passport is a procurement term which means that, based on standards of excellence to which known suppliers have conformed to over time, those known suppliers are identified as reliable, honest and ethical. Such suppliers are given a status of “golden passport”, meaning they are preferential suppliers, and that it is not necessary to do due diligence on them every time they bid. At the same time, the purchasing organization continues to monitor and evaluate those suppliers, to know that they continue to perform up to the standards of golden passport status.

understood. Their reluctance to bid on SONAPI RFPs might somehow be related to concerns about the Caracol construction bidding procedures and results.

SONAPI needs to address the absence of good international practices of checks and balances between Administration and Finance and further reinforce the SONAPI Internal Audit Function. It is important that all procurement bidding procedures, from RFP to bidder selection, be considered a matter of public record. Today, this means making procurement information accessible online. Making procurement procedures and decisions a matter of public record also would demonstrate that SONAPI's procurement is transparent and ethical. Online, website-based information gives bidders easy access to the information and, hopefully, helps the suppliers gain confidence in SONAPI's adherence to good international bidding procedures.

Apparently, there are mechanisms for bidders to protest a decision by SONAPI. However, this is rarely used according to staff. No manuals of SONAPI procedures were available for the assessment team to understand the procedure for protesting. Given that SONAPI does not have any outreach dialogue or meetings with suppliers, and that SONAPI's bid procedures are not posted online, it is not possible to determine why bidders do not avail themselves of SONAPI's grievance procedures available to them.

D. Delivery and Reception

The Director of Procurement stated that SONAPI inspection procedures for the delivery and reception of purchases go "by the book". The Director of Assets Management stated the same. However, the "book" of SONAPI-specific procurement policies, procedures, and processes does not exist or, if it does exist, those manuals were said to be unavailable because they are under review. Although this responsibility falls under Assets Management, to ensure proper checks and balances, Procurement does have a preliminary role and responsibility in ensuring proper order forms were used and ensuring that a properly qualified technical staff person is present at time of delivery and reception of goods.

E. Contract Administration – Documentation & Management

The Director of Procurement stated that "theoretically" contract management is supported by Legal Services, on an as-needed basis. However, Legal Services stated that its responsibilities are solely 1) tenant contracts; 2) all categories of employee contracts; and 3) labor questions. This lack of clarity needs to be resolved. One way to resolve the issue is to conduct a thorough Business Process Reengineering (BPR) of Procurement (a consistent recommendation to streamline all vital SONAPI work processes).¹³ Logistics claims it is responsible for technical services contract quality assurance (QA). It was not possible to learn who is leading the writing of SONAPI services contracts.

No one was able to tell the team how contracts documentation is managed. It is not done electronically, because SONAPI has no databased documents management system. A visit to Archives shows that, while physical documents are filed according to the archivist's own filing system, it is not clear where or how contracts documents are kept, either current or historical. A

¹³ Reference Annex D for a proposed restructuring.

thorough BPR exercise would reveal who does what in this area of responsibility, as well as who *should logically* do what. This is as much a policy issue as it is a procedure issue.

“Fair contracts administration” is more difficult to determine. This responsibility does not fall to Procurement, but PIM and PIC tenants informed the team that there is not a standardized rent structure and that maintenance services (which fall under the category of “contracts administration”), are so irregular and unreliable that the PIM and PIC tenants frequently resort to paying for their own maintenance and repair needs, and deducting the amount of such repairs from rent. Because there is no present SONAPI Internal Audit function, it was not possible to verify this information.

F. Supplier Selection, Communications, & Performance Management

There is no procurement planning outreach with the local suppliers. While Procurement states it has a list of suppliers, this is not databased and no copy of such a list was made available for reference. Suppliers are not periodically surveyed and evaluated. Records of poor suppliers are not maintained.

G. Legislative and Regulatory Framework

Staff of the Procurement Department said they do not know if there is a public procurement law available to the public. However, it was stated that the DG might know this. Procurement staff interviewed did not know if there is a procurement oversight/regulatory process at SONAPI. Such oversight and regulation functions would normally fall to an Internal Audit Function. However, up to now, SONAPI has no operational Internal Audit function.

Staff and Responsibilities

SONAPI PROCUREMENT STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Procurement Director	Director of Procurement
Procurement Assistant	Procurement Assistant
Open Position: 2 nd Procurement Assistant	

The Director and Assistant are a small team that assumes the tasks and responsibilities of the six (6) aforementioned activity areas. The Director has the education, training and background experience of a procurement professional and is well designated as Director of Procurement.

Tools

Most Procurement procedures are manual. Any procurement records that might be electronic are on stand-alone computers. There is no SONAPI database that allows, for example, a view of the full Procurement value chain or documents.

SONAPI is currently evaluating what kind of Enterprise Resource Planning (ERP)¹⁴ database would be most appropriate for tomorrow's SONAPI. The roll-out of whatever software applications are selected will have a wide-ranging impact on several SONAPI functional areas, particularly Finance, HR, and Procurement. Procurement will face challenges to migrate over to computerized systems and, most particularly, to computerized document management applications. Of course, databased document management applications will have to be harmonized so that Procurement needs in coding, and user/reader access protocols, are considered.

Computerization of procurement processes should not cause Procurement staff to become redundant. In fact, it might result in Procurement needing additional, specialized procurement expertise. Our assessment reveals that the SONAPI IT Function is endowed with good technical expertise to ensure the successful roll-out of a new data-based system, and to work closely with Procurement in order to make joint decisions concerning the best software applications for Procurement.

If SONAPI undertakes the recommended restructuring that is discussed in other parts of this document, IT must play a critical support role in helping Procurement and all other functions. IT must help staff through the changes that the eventual ERP-based software applications will bring.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ Administration and Finance are not separated, resulting in the absence of good international practice checks and balances between the two. This becomes a critical problem for ensuring that Procurement operates in a verifiably transparent, objective and by-the-book environment. 	<ul style="list-style-type: none"> ✓ Top oversight ministry and SONAPI lack of concern, or possible lack of awareness, concerning the imperative to ensure that Procurement is transparent, honest, and ethical across each and every aspect of the Procurement value chain.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ Director of Procurement & Assistant well-qualified and experienced in procurement. ✓ No SONAPI training strategy, policy or plan for up-skilling staff, or for keeping Procurement staff abreast of procurement law, trends, etc. 	<ul style="list-style-type: none"> ✓ Apparent disinterest or understanding at highest oversight ministerial and SONAPI levels concerning importance in investing in Procurement capacity building.
Reporting/Compliance	<ul style="list-style-type: none"> ✓ No systemic performance management standards or systems exist that define procurement performance or how to manage performance, therefore no means for reporting on compliance to standards. ✓ No internal audit or M&E functions to guide and report on compliance of Procurement activities and reporting systems. ✓ Procurement records are mostly manual, so it is difficult to have access to them for understanding how Procurement does or does not provide complete, timely, and accurate reporting. 	<ul style="list-style-type: none"> ✓ Compliance, which is an especially critical feature of procurement, requires systems of responsibility, accountability & an internal audit function to confirm compliance with rules, regulations, norms and procedures. Historic absence of a SONAPI Internal Audit Function suggests laxity of top ministerial and SONAPI management concerning critical importance of managing Procurement to the highest standards of ethics and honesty, and ensuring that Procurement is in compliance with, for example, the 2009 National Procurement Law.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements not yet jointly assessed by Procurement and IT experts in order to ensure properly upgraded equipment and software are available to handle upcoming demands imposed by an eventual ERP-based platforms. ✓ Web-site based interface systems with suppliers not available. ✓ Manual records archiving systems and availability of secured file cabinets in Archives need upgrading. 	<ul style="list-style-type: none"> ✓ Insufficient understanding of IT needs and frequent turnover of DGs has led to delays in decisions on implementing databased Procurement systems.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Procurement Function consists of only two people, so “space” is not a particular issue, However, 	<ul style="list-style-type: none"> ✓ Top management has not always realized that investing in working environment and retention of talent is not just an expense but an investment.

	<p>Procurement should also have a secured office with protocols for access.</p> <ul style="list-style-type: none"> ✓ Work space in SONAPI HQ at PIM is crowded in general. HQ building requires major expansion; alternately construct new work-friendly building along lines similar to SONAPI office building at PIC Procurement should be housed in a limited-access workspace. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ In general, supervisors & managers need training in managing and evaluating performance. There is no indication that the Procurement Director has a problem in this area. Nonetheless, Procurement would benefit from training in this area. 	
Decision making	<ul style="list-style-type: none"> ✓ PIC procurement flows through PIM central procurement office, which reports under unified Administration & Finance function. ✓ Procurement decision-making centralized in DG office. ✓ PIC management is mostly charged with daily administration and operations, with no decision-making responsibility and authority for procurements. 	<ul style="list-style-type: none"> ✓ Top-down decision-making style common to traditional public sector management leads to not granting PIC more latitude and responsibility in procurement matters.

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI Procurement Function can be identified by comparing the current situation with good international procurement practice.

Successful organizations have procurement operations that:

- Have manuals of policies and procedures in effect that rigorously reflect laws, norms, and regulations set by the organization and fair practices, such as those established by the country and donor organizations (if they are working with donors), and which ensure full transparency of operations and activities across the entire procurement value chain;
- Are databased, with all checks and balances in place;
- Are independent of finance functions and are fully auditable along the entire value chain;
- Have streamlined procedures that can be seen in flow diagrams;
- Are kept fully up to date on new, international procurement processes, procedures, norms and regulations; and
- Have well-developed databases and statistics on suppliers.

The first, key, specific solutions and interventions related to the Procurement are:

- Staff require continuing education and training in procurement in order to keep up with the market;
- Give high priority to getting all manuals written and in effect;
- Conduct “as is” vital processes analysis and then streamline procedures, using flow diagrams, and write up corresponding procedures so that services and goods to internal and external customers are more effectively and efficiently delivered;
- Ensure that ‘who does what’ in the procurement value chain of activities and responsibilities uses best practice checks and balances, with clear descriptions of responsibility and authority;
- Complete database for both procurement operations and documents management; and
- Set in place effective, two-way communications with suppliers, and place as many of the procurement operations as possible online.

Properly position procurement function within the organizational arrangements

The team proposes that Procurement be among those functions that are outside both Administration and Finance supervision, reporting directly to the DG. Procurement is an extremely sensitive function, which should be granted best-possible neutrality and transparency, subject to only Internal Audit and, if desired, External Audit.

Prepare and Implement Policies, Procedures & Processes

Streamlined processes inform procedures. Carry out a well-performed, in-depth business process reengineering activity, with well-detailed, streamlined procurement processes for all vital Procurement work processes and their key support activities. Ensure that these are SONAPI-specific policies, procedures and processes that follow best international practices of the major

donor groups such as WB, IDB, USAID and others with whom SONAPI often collaborates. Include well-developed flow diagrams for these processes.

The approach and methodology for carrying out the above is amply described in the aforementioned proposal for restructuring SONAPI.

Operations Automation

Procurement particularly needs to collaborate with IT in exploring what the best ERP-based software solution could be for SONAPI Procurement. Once this is determined, it will be possible to be more specific on what Procurement must do to automate its operations, as well as transferring from manual documents management to computerized systems. For the moment, any elaborate changes in the current Procurement situation would not be worth undertaking, because they would be more or less ‘Band-Aid’ operations. A total-systems approach is the only viable approach for getting SONAPI to change from its present manual systems and records over to a modern, databased procurement operation.

One of the reasons why data basing SONAPI operations should take a total-systems perspective and approach is because this will impact present manual jobs. Employees occupying these jobs will require re-training and/or relocation. This requires that top management create a SONAPI change vision, and a related change strategy and plans to lead the organization through the changes that the kinds of solutions proposed will engender.

There are two (2) specific areas of automation that Procurement must help IT work on in order for IT to provide Procurement with the best advice possible:

- 1) Data-based documents management software—this is a long-term effort that will require extensive training in the software created, as well the creation of documents protocols and coding,
- 2) Web-based interface with suppliers.

Improve Skills

Procurement requires a dedicated training budget to allow its small staff to stay continually updated in Procurement trends and laws. Typical best practice training workshops and informational seminars in procurement are found in training centers of the World Bank, International Labour Organization (ILO), International Monetary Fund (IMF), IDB, USAID and others.

4. ASSETS MANAGEMENT

OVERVIEW

Structure and Role of the Department

Assets Management is one of the SONAPI functions assessed by the team and is carried out by the Assets Management Department. We compared the current situation in SONAPI with good international policies and practices in Assets Management to understand, where appropriate, the differences between the two to identify where gaps exist. Also, good international practice allows one to benchmark the desired “future state” for Assets Management.

In the 2015 organizational chart, Administration and Finance are not separated. The single line of functions reporting to the top, via the single point of oversight, Administration and Finance Manager, means that there are no checks and balances between Administration and Finance and, by extension, for Assets Management. This exposes Assets Management to possible irregularities, with no neutral oversight, not even (up to now) of an Internal Audit Function.

The Assets Management Function is a one-person operation, which has the role and responsibility to manage ‘cradle-to-grave’ activities in the following two (2) areas, each of which constitutes a classic Assets Management function responsibility and authority area:

- A. Identification & Tracking
- B. Warehouse & Distribution

The following is an overview of the critical findings, as related to each of the two mentioned Assets Management responsibility areas.

A. Identification & Tracking

According to the single individual responsible, SONAPI’s Assets Management processes and procedures follow World Bank, IDB, and other accepted international norms and procedures for reception, registration, warehousing, distribution, and control of SONAPI assets.

Manuals covering SONAPI-specific assets management policies, procedures, and processes were said to be unavailable because they are under revision. Therefore, the team cannot confirm their existence or contents.

It was stated that SONAPI has special procedures for controlling vehicles, including SONAPI-owned garbage collection trucks. On occasion SONAPI has outsourced some services, however the head of Assets Management was not able to give details. In general, the team was unable to ascertain the Assets Management systems for control of PIC vehicles. The Head of Assets Management informed the team that the Logistics Department keeps records of reception and inspection of goods, with originals of the delivery and reception documents going to Accounting.

All records of goods received, as well as the codes of the goods, are kept manually. According to the Head, there are few problems with receiving the wrong goods, non-conformity with procurement specifications, over/under delivery, or similar issues. However, referring back to the information provided by Procurement, the SONAPI order forms in use do not provide adequate space or categories for detailed specifications, so it is possible that irregularities can occur at the point of SONAPI reception and inspection of delivered goods.

B. Warehouse & Distribution

SONAPI headquarters at PIM does not have a warehouse, so goods are delivered to the main door, inspected, tagged manually and the registry is entered manually into a control book. Larger items such as chairs, desks, etc. are delivered directly to the department that requested the purchases. Consumables (e.g., paper, pens ink, cartridges) are put in a small storage room. Anything slated for PIC is dispatched immediately to PIC after initial inspection and approval.

It appears that Assets Management is overly centralized when it comes to purchases for PIC. For purposes of efficiency, goods purchased for PIC should be shipped directly to PIC, and additionally inventoried and controlled by PIC.

Nothing is computerized, so “just in time” stock management is visual and manual. The Head stated that IT and Finance are looking into what kinds of software applications would be appropriate for data-basing all assets. It was stated that Accounting has a system for depreciating computers and other related equipment.

Tagging is manual, using SONAPI’s own coding system. Records are not entered into any kind of database, not even onto EXCEL sheets in stand-alone computers. There is no barcoding system. Visual inspections are periodically carried out to verify that assets are in their required locations.

Staff and Responsibilities

SONAPI ASSETS MANAGEMENT STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Head of Assets Management	Head of Assets Management

The Head of Assets Management undertakes the tasks and responsibilities inherently understood in the names of the two aforementioned activity areas. The Head has been working in Assets Management for a long time and is clearly knowledgeable in norms and procedures for running a proper assets management function.

However, the Head has not modernized the function in order to transfer to data-based operations. This is likely an issue of top SONAPI management not giving enough importance to making Assets Management more efficient and, above all, more transparent and auditable by using data-based systems and procedures of control. The manually maintained control book seemed orderly and a quick visual inspection showed that SONAPI furniture is duly tagged (manually) with

stickers that have a SONAPI-specific coding. However, it was not possible to ascertain the degree of completeness or accuracy of the records, because they are all manual. Since there has never been an Internal Audit function in SONAPI, it was not possible to refer to audit records to confirm that SONAPI is rigorously pursuing assets management activities.

Tools

All documentation is kept in physical paper records. Nothing is databased in the Assets Management Unit. SONAPI is currently evaluating what kind of ERP/EMC database would be most appropriate for tomorrow's SONAPI. The roll-out of whatever software applications are selected will have a wide-ranging impact on several SONAPI functional areas, particularly Finance, HR, Procurement, and Assets Management. Assets Management will have a challenge in migrating over to computerized systems and, most particularly, to computerized document management applications. Of course, data-based document management applications will have to be harmonized so that Procurement and Finance (Accounting) requirements in coding and user/reader access protocols are taken into account.

The computerization of Assets Management should not necessarily lead the Head of Assets Management to become redundant, although the incumbent will certainly need specialized training in managing a data-based operation. The SONAPI IT Department will need to work closely with Assets Management in order to ensure that the incumbent becomes upskilled. It is likely that the IT Department will need to seek advice elsewhere in deciding on the best software applications for Assets Management. The Manager of Procurement could be useful in this regard.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ Administration and Finance are not separated, resulting in the absence of good international practice checks and balances between the two. This becomes a critical problem for ensuring that assets management operates in a verifiably transparent, objective and by-the-book environment. ✓ Original documents received by Assets Management get turned over to Logistics, then to Accounting, leaving no documentary trail. 	<ul style="list-style-type: none"> ✓ Top management seems to have been either unconcerned, or unaware of SONAPI's weaknesses in Assets Management. The fact that Assets Management has no data-based systems, and that records are passed over to Logistics and Accounting, leaving Assets Management with no original records, suggests laxity in applying transparent, and ethical procedures across the entire assets management value chain.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ The Head of Assets Management seems qualified and experienced in assets management. Although incumbent knows about advantages of, for example, barcoding assets, he is far behind in recommending what to do to modernize operations. ✓ No SONAPI training strategy, policy or plan for improving staff skills (in this case, the Head of Assets Management). 	<ul style="list-style-type: none"> ✓ Apparent disinterest or understanding at SONAPI management levels, concerning importance in investing in Assets Management capacity building, or in migrating over to data-based systems.
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ No systemic performance management standards or systems exist that define assets management performance. There are no means for determining compliance to standards. ✓ No internal audit or M&E functions to guide and report on compliance of assets management activities and reports produced when periodic checks of property are conducted. ✓ All records are physical and not kept in Assets Management unit, so it is difficult to have access to them for understanding how they do or do not comply with complete, timely, and accurate reporting. 	<ul style="list-style-type: none"> ✓ Compliance, which is an especially critical feature of controlling one's assets, and for ensuring proper behavior by suppliers, requires systems of responsibility, accountability and an internal audit function to confirm adherence to rules, regulations, norms and procedures. Historic absence of a SONAPI Internal Audit Function suggests laxity of top ministerial and SONAPI management concerning critical importance of ensuring that assets management adheres to the highest standards of ethics and transparency.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements not yet jointly assessed by Assets and IT experts in order to ensure properly upgraded equipment and software are obtained to handle data-basing assets management. ✓ Manual records archiving systems and availability of secured file cabinets need strengthening. Visits to 	<ul style="list-style-type: none"> ✓ Historic lack of business acumen at the top. ✓ Frequent turnover of DGs has led to delays in decisions on implementing databased systems for asset management.

	Archives and Logistics reveal a serious need to have better physical files systems and controls.	
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Work space in SONAPI HQ at PIM is crowded in general. HQ building requires major expansion; alternately constructing new work-friendly buildings along similar lines to SONAPI office building at PIC ✓ Asset management should have a limited- access work space. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ The Incumbent will need training in new data-based systems for Assets Management. 	<ul style="list-style-type: none"> ✓ Top management has not always realized that investing in working environment and retention of young talent is not just an expense, but an investment.
Decision making	<ul style="list-style-type: none"> ✓ PIC does its own assets management record-keeping and reports back to PIM periodically. However, reception and acceptance of goods is done at PIM, meaning PIC has limited recourses if specifications of goods are not in conformity with its purchase requests. 	<ul style="list-style-type: none"> ✓ Archaic, top-down decision-making style common to public sector management leads to not granting PIC more latitude and responsibility in procurement matters, including conducting its own reception and inspection controls.

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI Assets Management function can be identified by comparing the current situation with good international Assets Management practice.

Assets Management operations of successful organizations have:

- Fully-developed manuals of policy, procedures and processes, including flow diagrams;
- Clear rules and regulations concerning the use and care of assets by personnel;
- Standardized forms that are databased;
- Software programs that are appropriate to the dimensions of organization's assets (both durable and consumables) and provide full information on entry to and exit from warehouse in order to give the organization a 'just-in-time' ordering capability;
- Adequate, right-sized warehousing facilities, with protocols for inspection of goods on delivery;
- Software for barcoding and tracking location of fixed assets;
- Procedures for audit of assets; and
- Depreciation system for items such as computers and other electronic equipment, tied into accounting systems.

The first, key solutions and interventions related to the Assets Management are:

- Fully automate the assets management database to include barcoding capability, ensure seamless upstream and downstream links between Procurement and Accounting, following accepted good practice in this area;
- Create adequate warehouse / storage location, databased for inventory control, and with good internal climate and dust control, as well as good physical security and protocols for access; and
- Develop all manuals of policy, procedures, and processes, including flow diagrams. Also include rules and regulations concerning use and care of assets.

Properly position assets management within the organizational arrangements

The team recommends a new department entitled Technical and Logistics, headed by a Director/Chief of Operations. This title was deliberately chosen in order to reflect that SONAPI is a business operation. Reporting to the Chief of Operations are three "units". One of the units is Estates Management, which includes Assets Management (as well as Property & Maintenance; and Motor Pool & Security). This is a logical location for Assets Management, and it ensures that Assets Management is properly placed, outside of the current Administration and Finance chain of command.

Develop and Implement Policies, Procedures, & Processes

Streamlined processes inform procedures. Carry out a well-performed, in-depth business process reengineering activity, with well-detailed, streamlined Assets Management processes for all vital work processes and their key support activities. Ensure that these are SONAPI-specific policies, procedures, and processes which also follow the best international practices of the major donor

groups such as WB, IDB, USAID and others with whom SONAPI often collaborate. Include well-developed flow diagrams for these processes.

Automate Operations

Management particularly needs to collaborate with IT in exploring what the best ERP-based software solution could be for SONAPI Assets Management, particularly the barcoding of assets. Once this is determined, it will be possible to be more specific on what needs to be done to automate their operations as well for migrating from manual documents management to computerized systems. For the moment, aside from barcoding assets, any elaborate changes in the current Assets Management situation would not be worth undertaking. This is because these changes would be done in isolation of a total-systems approach, which is the only viable approach for getting SONAPI to change from their present manual systems and records, over to a modern, databased Assets Management operation. This is particularly true concerning migrating over to data-based document management systems.

One of the reasons why data-basing SONAPI operations should take a total-systems perspective and approach is because in many cases this will impact present manual jobs and persons occupying those jobs will require retraining and or relocation. That requires top management to create a SONAPI change vision, and a related change strategy and plans to lead the organization through the changes that the kinds of solutions proposed will engender.

There are two areas of automation that Assets Management should focus on together with IT in order for IT to provide it with the best advice possible:

- 1) Databased document management software -- this is a long-term effort that will require extensive training in whatever software is created,
- 2) The creation of document protocols, coding, etc., as well as barcoding assets.

Improve skills

There needs to be more training in barcoding assets.

5. INFORMATION TECHNOLOGY (IT)

OVERVIEW

Structure and Role of the Department

Information Technology (IT) is one of the SONAPI functions assessed by the team and is carried out by the IT Department. We compared the current situation of the SONAPI IT function with good international policies/best practices in IT to understand, where appropriate, the differences between the two in order to help understand where gaps exist. Also, good international practice allows one to benchmark the desired “future state” for IT.

IT does not appear in the 2015 organizational chart, but is currently part of Administration and Finance. The single line of functions reporting to the top, via the single point of oversight, Administration and Finance Manager, means that there are no checks and balances between Administration and Finance and, by extension, for IT Function. This exposes IT to possible irregularities, with no neutral oversight.

The current IT Function, although not structured into different work units, since it has a small staff, has the role and responsibility to manage the cradle-to-grave activities in the following three (3) areas, each of which constitutes a classic IT function responsibility and authority area:

- A. Physical Control
- B. Access Control
- C. Applications Control

In 2016, and with the full support of new management, SONAPI created its first-ever IT Department. Almost everything reviewed by the team with the IT Director is stated to be “in process”. According to information provided, the cabling for the new SONAPI connectivity network will be operational in August 2017. The IT Director is highly competent, knowledgeable, and credible. In addition, the IT Department is supported by the new DG, who has a private sector background, understands what ERP and EMC data domain mean and why it is important for SONAPI to migrate over to such an open-architecture IT platform. For the purpose of general understanding, the discussions here use the generic term EMC data domain.

When showing the team around the future server room, and when discussing different aspects of the future installations, the IT director assured that the installations are up to international standards. It appears that the government now requires that all off-site servers be located at the Prime Minister’s office. Therefore, SONAPI will have a full back up server off-site, on government premises. It is always advisable to have off-site servers in a well-secured location that has strictly-enforced protocols of safety and access. The Prime Minister’s order to have all government institutions locate their off-site servers in the Prime Minister’s office is a good solution, as long as the protocols for access and security are strictly maintained.

The following is an overview of the critical findings, as related to each of the three mentioned IT responsibility areas.

A. Physical Control

A visit to PIM and PIC installations revealed that future physical control of IT assets has been well planned by the IT Director, including fire hazard protection, water damage protection, server room dust-free environment, temperature control and security, off-site backup server, EMC data domain, and DIGICEL maintenance contract. These fixes are in the process of being properly set up and should be operational by end of 2017.

In the meantime, for file backup controls, IT seems favorably inclined towards Dell EMC data domain, particularly considering the Dell worldwide guarantees and Dell services availability.

IT manuals are always somewhat distinct from other types of operating manuals, because of the very nature of IT. The IT Director is writing the IT security manual, in synch with national policy.

Other SONAPI manuals of policy, process and procedure do not exist; user manuals for new EMC data domain, software, and so forth, will have to be written for SONAPI-specific users. User training manuals will also need to be created. Thus, there is a heavy workload in IT to get those manuals written, approved, and implemented as standard operating procedure (SOP).

There is an apparent lack of awareness in top management, including the IT Director, concerning the need for a formal SONAPI change strategy for communicating the adjustments that the new IT environment will bring. This includes the possible impact on jobs currently being done manually, the staff training required, and the fact that SONAPI vital work processes and key support work processes should be reengineered prior to putting in place the future IT business support database being researched. This will most certainly be robust enough to be considered an ERP/EMC data domain type of open-architecture software.

B. Access Control

Staff have passwords and the IT Director maintains a record of each person's password. Password utilization and protocols are going to change when a new database system is implemented. For example, the new EMC data domain contemplated will incorporate password protocols, hacking efforts, and automatic password changes.

There will be a more robust switch in the EMC data domain that limits user access to precisely the area of work input their job allows them to have. The system will allow data-based audit of 'who did what and when' within the value chain of operations.

The IT Director informed the team that he has already contemplated what kinds of training in the new EMC data domain users will require and, as sole "owner" of IT, he has begun preparing the types of training and training materials that will be required to ensure a smooth rollout of the new IT system(s).

C. Application Control

Current applications controls already allow only correct entry of codes and values. Errors are detected and flagged.

Although QuickBooks allows SONAPI to use a data-based audit of who did ‘what and when’ within the value chain of operations, the new database will be more robust and will have tighter user access controls in place.

The IT Manager believes that there is still a lot of work to get SONAPI operations fully databased. This includes the entire HR system, document management, archives, assets management, procurement, and virtually all of SONAPI operations. It will be a daunting challenge to lead and manage the far-reaching changes that this will engender. The effort will take time and unfailing commitment and support from top management, which will need to champion these changes.

The IT Department very likely will need additional staff to assist other functions to modernize. For example, IT will need to lead the analyses, decisions, and implementation of computerized document management systems, but IT does not appear to have in-house expertise in document management systems

It is advisable that the IT Manager be an expert in ERP, information security, and risk. The incumbent has good background experience and skills in these areas, but should be given additional training to bolster his skills, so that they fully meet the requirements in these skills areas.

IT and top management must understand the importance of reengineering the existing SONAPI work processes in order to streamline them, and then put in IT solutions that support efficient work processes. The new DG understands this is a critical first step and will need to support IT in this area.

It is also important that SONAPI diagnose the type and level of change that will result in migrating over to a business support EMC data domain environment. Existing jobs will be impacted and there could be redundancies. Having a good change strategy and plan in place will be critical to the success of managing the question of how the automation of systems will affect jobs and functions, particularly those that are largely manual today.

Staff and Responsibilities

SONAPI IT STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Non-existent	Director of IT
	IT Assistant

The IT Function is covered by an IT Department consisting of a director and an assistant. The Director has the education, training, and solid technical background experience of an IT professional. It will be important to let the incumbent be the true “owner” of SONAPI IT responsibility and authority.

It is already clear that SONAPI will need to bolster the IT Department with additional staff to handle the upcoming technical and workload demands. There is an illustrative proposal for how the IT Function could be structured and staffed in Annex D.

Tools

SONAPI is currently evaluating what kind of ERP/EMC database would be most appropriate for tomorrow's SONAPI. The roll-out of whatever software applications are selected will have a wide-ranging impact on several SONAPI functional areas. Once decisions have been made concerning the type of ERP/EMC environment to be implemented, and once SONAPI has streamlined its current functions, it will be better positioned to understand and identify how and where the computerization of operations may cause staff to become redundant in their current positions.

IT must play a critical support role in helping management and all other functions and their staff through the changes that the eventual ERP-based software application.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ Administration and Finance are not separated, resulting in a lack of good international practice checks and balances between the two. This becomes a critical problem for ensuring that functions like IT operate in a verifiably transparent, objective and by-the-book environment. ✓ IT needs to be the "owner" of IT function. 	<ul style="list-style-type: none"> ✓ IT Department was created in 2016. The absence of an authentic IT function points to long years of traditional top management and lack of business acumen. ✓ The above observation has been addressed by the creation of a new IT function.
Staff/Capacity and Tasks	<ul style="list-style-type: none"> ✓ IT manager is impressively well-qualified and experienced in IT, and appreciates how IT systems and IS software and applications are a critical tool for supporting one's business. ✓ No SONAPI training strategy, policy or plan for up-skilling staff, for bolstering IT skills in areas such as cyber security. 	<ul style="list-style-type: none"> ✓ Apparent disinterest or understanding at highest oversight ministerial and SONAPI levels concerning importance in investing in capacity building in general.
Reporting/Compliance	<ul style="list-style-type: none"> ✓ It is too early in the existence of IT to know what its reporting protocols are and the degree to which they are compliant in general. ✓ Judging from the proactive manner in which the IT Manager is driving the modernization of SONAPI IT, one would conclude that IT is compliant with establishing and meeting operational goals and objectives. 	<ul style="list-style-type: none"> ✓
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements are not yet jointly assessed by IT and functions in order to understand what kind of ERP-based applications would suit SONAPI's future needs, and to ensure properly upgraded equipment and software are available to handle upcoming demands imposed by an eventual ERP-based platforms. 	<ul style="list-style-type: none"> ✓ Historic lack of business acumen at the top. ✓ Excessive turnover of DGs limits possibilities of SONAPI implementing databased SONAPI operations and systems.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ IT "space" is not a pressing issue, as IT is still not fully staffed up. ✓ IT server area is adequately selected, and will be a properly secured office, with protocols for access. ✓ Work space in SONAPI HQ at PIM is crowded in general. HQ building requires major expansion; alternately construct new work-friendly building along lines similar to SONAPI office building at PIC. Facility should provide best practice environment for IT, including both physical and cybersecurity. 	<ul style="list-style-type: none"> ✓ Top management has not always realized that investing in working environment and retention of young talent is not an expense but an investment.

	<p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ In general, IT staff will need upskilling in specific areas such as cyber security, help desk, and related IT/IS themes. They also may need training in new systems and applications. They also need training in areas of change management and BPR, so that they can interface effectively with all SONAPI functions in these technical areas that hopefully will be put into practice for restructuring SONAPI. 	
Decision making	<ul style="list-style-type: none"> ✓ Up until now, SONAPI has been characterized by a centralized, top-down decision-making structure. This will have to change in order to allow IT to become the "owners" of IT operations. 	

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI IT function can be identified by comparing the aforementioned “as is” situation with good international IT practice for organizations with similar characteristics as SONAPI’s.

Successful organizations have IT operations that:

- Have tailored IT/IS systems that are an appropriate size for supporting the business needs of the organization, that are expandable and adaptable to future needs, and that integrate as required all organizational functions within an open-architecture platform,
- Are managed and staffed by experts with strong backgrounds in ERP & information security and risk,
- Fully control their own function,
- Have fully developed in-facing and out-facing function,
- Have managers who are fully experienced with processes reengineering and understand interplay between how process informs IT and IT informs process, and
- Have broad organizational experience in identifying how and where new IT/IS systems like ERP-environment solutions, will impact people’s jobs.

The first, key, specific solutions and interventions related to the IT function are:

- Ensure all manuals of policy, procedure, processes, norms, rules and regulations are fully developed, implemented and enforced. In the case of IT, it will be necessary to bring in assistance, simply because of the heavy work load, to create these policies and manuals from scratch, and perhaps revise them once SONAPI rolls out its new ERP-based applications,
- Provide BPR training to IT function personnel,
- Write up change impact scenarios for SONAPI and help create change strategy and plan for guiding staff and management across any/all changes that will impact staff and their jobs once new ERP-based software systems are rolled out, and
- Ensure IT staff are fully qualified in (at minimum) the following areas and, if not, provide up-skills training or hire specialists as required to ensure IT Function is a full-service function with fast response capacity:
 - ERP & Information Security & Risk,
 - Customer support,
 - Network operations,
 - Business and project management,
 - Telecom services, and
 - Capacity to train staff in all areas of IT/IS.

Properly position IT function within the organizational arrangements

The team proposes the creation of a Department of Technology and Logistics, headed by a Director/Chief of Operations. The name was selected to translate the idea that SONAPI is a business. The Chief of Operations oversee three “units”, one of which is called Information and Technology. The team proposes the following work sub-units under IT in order to handle the new SONAPI IT environment. This is being studied and will eventually be implemented. These are:

1. Head of ERP
2. Head of Network Operations
3. Head of Business & Project Management
4. Head of Customer Support

It is proposed that the Manager of IT has the profile of an expert in ERP, information security and risk. It is our impression that the incumbent has good background experience and skills and if not fully up-skilled in those respective skills areas, the incumbent is a good candidate for bolstering his skills so that they meet cutting-edge requirements.

Prepare and implement policies, procedures, & processes to be written and fully implemented

Streamlined processes inform procedures. Carry out a well-performed, in-depth business process reengineering activity, and develop well-detailed, streamlined processes. Then apply IT/IS solutions to the streamlined processes.

Automate operations

The following recommendation applies to all SONAPI functions. Collaborate with IT in exploring and defining what the best software solutions are for each functional area, to ensure that the foreseen ERP-based software solution will support future SONAPI business management needs. Once that is determined, it will be possible to be more specific on what the overall needs of SONAPI manual operations are, to automate their operations as well for migrating from manual document management to computerized systems. IT needs to ensure it has a total-systems approach, which is the only viable approach for getting SONAPI to migrate from its present manual systems and records to a modern, databased operation.

Expand staffing

IT requires a dedicated training budget for its present staff, and any new staff it hires in the future (refer to our proposal for the IT function shown in the new organizational structure proposed for SONAPI). Such a budget should provide for staff to be continually upskilled to handle upcoming demands for implementing software application systems such as ERP.

6. LOGISTICS

OVERVIEW

Structure and Role of the Department

Logistics is one of the SONAPI functions assessed by the team, and is carried out by the Logistics Department. We compared the current situation in SONAPI with good international policies and best practices in Logistics to understand, where appropriate, the differences between the two ¹⁵in order to help understand where gaps exist. Also, good international practice allows one to benchmark the desired “future state” for Logistics.

The 2015 SONAPI organizational chart shows that Administration and Finance are not separated. The single line of functions reporting to the top, via the single point of oversight, Administration and Finance Director, means that there are no checks and balances between Administration and Finance and, by extension, for the Logistics Function. This exposes Logistics to possible irregularities, with no neutral oversight, not even (up to now) an Internal Audit Function.

The Logistics Function and the Engineering Function are shown as two different functions in the 2015 organizational chart. The Director of Logistics was unable to clarify if they are different and separate, or one and the same. We refer to the function as Logistics.

Logistics is not broken down into different work units, since it is a small staff of one director and two engineers. Four or five people recently resigned, citing lack of career opportunity in SONAPI, leaving Logistics with this small team. Nevertheless, the Director of Logistics mentioned that they are “adequately staffed”. It was not possible to resolve this apparent contradiction. It was stated that they would be short-staffed if there were to be any SONAPI construction projects, and they would have to outsource work to support such projects. However, Logistics was unable to say if such construction projects are being planned.

Logistics manages a procurement value chain for the activities for which it is responsible. The department was not clear on why it is responsible for any of the procurement activities. The internal audit team would normally verify the information given by Logistics (as well as by Procurement), but the SONAPI’s Internal Audit Function was only established recently and is not fully functional. Because there are no SONAPI manuals of policy and procedure to refer to, it was not possible to resolve the question of who does what and why. Furthermore, because of a lack of annual strategic plans and annual performance reports for Logistics, it was not possible to ascertain if Logistics is doing the right things and doing them correctly; and if it is properly working within its designated range of responsibility and authority. Process flow diagrams normally help to understand those questions, but they do not exist in the Logistics function.

¹⁵ IMPORTANT NOTE: at this time, SONAPI does NOT have current manuals of Logistics policy, procedure and processes. While SONAPI says it has manuals that are under review, the team was informed they could not be shown because they are under review. No “original” manuals were made available if, indeed, they exist. The consultant responsible for crafting SONAPI manuals of policy and procedure in 2016 was interviewed.

In addition to the apparent procurement activities, Logistics staffers described their duties and responsibilities as follows:

- Construct, maintain & repair facilities at PIM;
- Prepare RFPs according to WB, IDB and national norms and procedures;
- Participate in studies for buildings maintenance;
- Prepare and conduct their work according to a workplan, which has a corresponding annual budget attached; and
- Provide tenant maintenance services, carried out on programmed basis. They state that this year's workplan includes review of all PIM buildings.

SONAPI is apparently carrying out some feasibility studies concerning the creation of future industrial parks. However, there is no Direction d'Etudes (Pre-feasibility or Feasibility Studies) unit in the SONAPI organogram, so it was not possible to know who is carrying out such studies, or if they are being conducted.

No workplans for either past years or for the current year were provided to the team. No end-year performance results reports were made available. Therefore, it was not possible to judge the degree to which Logistics is actually planning and performing.

Tenants interviewed observed that SONAPI maintenance is sub-par, at best. On a scale of 1-5 indicating excellent performance, tenants rate SONAPI at 2.5 (between acceptable and good). Tenants mentioned that Logistics staff visit the site in response to tenant requests, but then there is no real follow-up. Logistics explained that it has no specialized expertise in areas such as roofing, limiting its ability to respond adequately to many tenant maintenance needs.

Additional findings:

- No career system in SONAPI makes it hard to hire and retain young talent, particularly young engineers,
- No SONAPI workload or workforce needs studies have been done to compare the workforce with workload analysis. No forward-looking planning for industrial park growth needs makes it difficult to anticipate future requirements.

SONAPI's organizational structure is not purpose-built or purpose-managed. To carry out its mandate, SONAPI should have the below work units either under Logistics or in another function (currently it has none of these).

Parks Development /Exploitation/Management, possible sub-units being:

- Pre-feasibility & feasibility studies
- Planning
- Programming
- Parks Construction & Execution
- Monitoring & Evaluation
- Other possible responsibilities, such as RFPs and related responsibilities, depending on final reorganization decisions:

- Statistics
- Client services
- Markets Intelligence / Markets Analysis / Markets Mobilization
- Risk Management

Staff and Responsibilities

SONAPI LOGISTICS STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Director of Logistics	Director of Logistics
4-5 Engineers	2 Engineers & 3 open positions

Tools

The two engineers use their personal laptops for work purposes. The Director of Logistics stated that the Logistics Function needs up-to-date software programs such as CAC/CAM and other high-powered software programs commonly used in engineering and logistics departments. At various times during his meeting with the team the Director attempted to access ordinary files from his desktop computer, but the response was so slow that he was unable to retrieve these files.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ It is unclear why Logistics appears as two different functions, yet they are apparently one and the same. ✓ In accordance with the SONAPI mandate, tenant infrastructure maintenance is among the key roles/responsibilities of Logistics. Its performance is mediocre. ✓ Logistics' primary role would normally be to lead SONAPI's mandate to plan, implement and maintain industrial parks. It is not structured to do this and, over the years, SONAPI has not been planning and implementing industrial park development. 	<ul style="list-style-type: none"> ✓ Top oversight ministry and SONAPI lack of concern for meeting SONAPI's mandate.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ Director is a senior person with engineering and logistics qualifications and experience. The engineers are qualified university engineering school graduates, working at junior levels in SONAPI. ✓ No SONAPI training strategy, policy or plan for up-skilling staff. 	<ul style="list-style-type: none"> ✓ Apparent disinterest or lack of understanding at highest oversight ministerial and SONAPI levels concerning importance in investing in capacity building.
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ No systemic performance management standards or systems exist that define Logistics performance or how to manage performance, so no means for reporting on compliance to standards (with the exception of tenants' observations). ✓ No internal audit or M&E functions to guide and report on compliance of Logistics activities and reporting systems. ✓ PIM records were not made available, so it is difficult to know if Logistics meets good international standards for complete, timely, and accurate reporting. ✓ PIC Logistics work compliance appears superior to that of PIM. It produces quarterly reports that give exhaustive information on its performance and compliance to standards and goals and objectives. ✓ PIC performance seems better than that of PIM, although there is no comparative data to substantiate this perception. 	<ul style="list-style-type: none"> ✓ Historic absence of a SONAPI Internal Audit Function suggests laxity of top ministerial and SONAPI PIM management concerning critical importance of managing PIM Logistics to the highest standards of performance.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements not yet jointly assessed by Logistics and IT experts in order to ensure properly upgraded equipment and software are available to handle upcoming demands imposed by an eventual ERP-based platform. ✓ Engineers' use of personal laptops required because they are not provided SONAPI-issued computers. 	<ul style="list-style-type: none"> ✓ Lack of understanding at the top of IT and a reluctance to treat SONAPI as a business rather than a government office has contributed to Logistics not helping to drive SONAPI to successfully meeting its mandate.

Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Work space in SONAPI HQ at PIM is crowded. HQ building requires major expansion, alternately construct new work-friendly building along lines similar to SONAPI office building at PIC. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ Management cannot provide career opportunities to young engineers, resulting talent flight. 	<ul style="list-style-type: none"> ✓ Top management has not always realized that investing in working environment and retention of young talent is not an expense rather an investment.
Decision making	<ul style="list-style-type: none"> ✓ Logistics has a role in PIC, where management is mostly charged with daily logistics administration and operations, with limited, independent decision-making responsibility and authority for logistics. 	<ul style="list-style-type: none"> ✓ Archaic, top-down decision-making style common to public sector management, leads to not granting PIC more latitude and responsibility in logistics decisions.

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI Logistics function can be identified by comparing the current situation with good international logistics practices. Successful organizations have Logistics operations that excel in industrial park management:

- Walkability
- Environmental sustainability
- Maintenance/repair
- Amenities
- Transit-friendliness
- Growth friendly

The first key solutions and interventions related to Logistics are:

- Strengthen how it manages the tenants' needs.
- Create a venture capital spirit for driving SONAPI's mandate. It appears that traditionally there has been no industrial parks growth strategy, which should tie into a SONAPI strategic plan. The end result seems to be the stagnation of SONAPI industrial parks growth for over 40 years.
- SONAPI needs to be purpose-built to develop and manage parks. Instead, it is overseen by political appointees with little business experience at the top. This results in SONAPI not being run as the profit-making business it could be.
- IDB financing has spearheaded the development of PIC. If not, SONAPI and PIM would have no demonstrated growth. Even for PIC, SONAPI needs to put into place a markets mobilization strategy and plan. There are indications that the Haitian market for SEZs has already reached or is reaching saturation, so it is possible SONAPI has already been closed out of the market.

Properly Position Logistics Function within the Organizational Arrangements

The team proposes a Department entitled Administration and Technical Support, headed by a Director. This title conveys the idea that SONAPI is a business. The Director of Administration and Technical Support oversees HR and management of PIM and PIC. The team members are not experts in industrial parks, but are confident that placing the management of both industrial parks under such a department makes common sense.

The proposed Director of Administration and Technical Support will oversee three units; Human Resources, Industrial Park Development, and Park Support Management. Under Park Support Management, separate park managers for PIM and PIC should have the following direct reports:

1. Head of Tenant Affairs & Relations
2. Head of Hydraulics & Wells
3. Head of Park Building Installations
4. Head of Transport & Logistics
5. Head of Security

6. Head of Parklands Maintenance

This proposal needs to be “tested” by conducting an in-depth BPR endeavor. Once this is done, there can be an objective evaluation on how to place and manage the two industrial parks. Every consideration should be given to ensuring the following:

- The organizational arrangements make business sense and are in line with a built-for-purpose SONAPI. The arrangements also help to optimize SONAPI to successfully meet its mandate to plan, implement, and manage industrial parks.
- Organizational arrangements are kept flat.
- There is a Director of Administration and Technical Support to ensure the separation of Administration and Finance. Additionally, putting PIC and PIM operations under this new Director allows the possibility for having a Head of parks management, who reports directly to the DG.

Develop and Implement Policy, Procedures, & Processes

Streamlined processes inform procedures. Carry out a well-performed, in-depth business process reengineering activity, with well-detailed, streamlined logistics and engineering vital work processes and their key support activities. Include well-developed flow diagrams for those processes. (The approach and methodology for carrying out the above is amply described in the aforementioned proposal for restructuring SONAPI).

Automate Operations

Logistics should collaborate with IT in exploring what the best ERP-based software solution could be for SONAPI logistics needs. Once that is determined, it will be possible to be more specific on what Logistics needs to do to modernize its hardware and software.

One of the reasons why data-basing SONAPI operations should take a total-systems perspective and approach is because existing jobs will be impacted and there could be redundancies. Having a good change strategy and plan in place will be critical to the success of managing the question of how automation of systems will affect jobs and functions, particularly those which are largely manual today.

Provide Skills Training

Logistics requires a dedicated training budget to allow its small staff to bolster its engineering skills and expertise in industrial parks maintenance. The BPR should determine if Logistics and Engineering are one, or separate; and what the proper mandate for Logistics should be under the new, purpose-build structure of SONAPI.

7. ENGINEERING

OVERVIEW

Structure and Role of the Department

Engineering at PIC is one of the SONAPI functions assessed by the team. It is carried out by the PIC Engineering Department. We compared the current situation in SONAPI with good international policies and practices in Engineering to understand, where appropriate, the differences between the two are to help understand where gaps exist. Additionally, good international practice allows one to benchmark the desired “future state” for Engineering.

There are four main “activity streams” at PIC: the two engineering streams, security and transport. Thus, engineering basically constitutes 50% of PIC management functions. The engineering function is directly tied to PIC management. They are much more intertwined than the PIM management and Logistics aspects.

The 2015 version of the SONAPI organizational chart shows that Administration and Finance are not separated. The single line of functions reporting to the top means that there are no checks and balances between Administration and Finance and, by extension, for other functions, including Engineering at PIC. The PIC Head of Engineering reports to the PIC Administration Director, who reports to PIM Logistics, who then reports to the PIM Director of Administration and Finance.

The PIM Logistics Function and the Engineering Function are shown as two different functions in the aforementioned organizational chart. At PIC, Engineering covers both the Engineering and Logistics Function, split into three separate departments:

1. Hydraulics Systems and Wells
2. Properties Management
3. Logistics

Overall Findings

- The team was told PIC-specific manuals for the three PIC departments, concerning policy, procedure, and processes (including flow diagrams) exist, but none were shown to the team.
- There is no specific, formal QA/QC function or Monitoring & Control function at PIC, although each PIC department writes its respective regular reports on all maintenance activities. The consolidated PIC management reports cover engineering activities, safety, transport and other priority aspects of PIC management. PIC engineering departments produce weekly action plans, have weekly review meetings on Fridays, and quick review sessions on Monday to start the week. They also produce quarterly and bi-annual reports.
- PIC professionals seem dedicated, highly qualified and experienced engineers. They focus on quality work. Nonetheless, PIC has no systemic performance systems and measures (which would often be within a “Quality Assurance” function and a Monitoring

& Control function, neither extant at PIC), which would normally include rolling collection of performance information to know how many complaints, their category or reason, response quality and response time.

- PIC management has not created a systematic means for answering the question, “how are we doing?” Measuring maintenance and tenant services quality is not institutionalized, and PIC does not have a registry of requests for service by means of which it could track to “statistically” know if it is not improving overall park maintenance and tenant services.
- Poor proactive outreach communications with Tenants.
- No 24/7 dedicated call-in service line for Tenants and other groups working at PIC. Given the diversity of tenant groups and the wide range of installations with complex machines and engineering challenges, PIC should have created some type of a matrix management structure, to ensure all tenants and other PIC-related persons’ calls get shunted properly over to the primary function with the capacity, responsibility and range of authority to efficiently and effectively handle requests for information and assistance. Currently, needs are reported directly to the SONAPI Assistant Director located at PIC (the Executive Director position has been vacant since the beginning of 2017).
- Inability to do own hiring to fill critical vacancies because this is done through central SONAPI administration at PIM. This causes an unacceptably high number of overtime hours for some people to cover unfilled positions. Extended and excessive overtime work has potential negative results. When people regularly work overtime, there is a risk of fatigue and stress from long work hours, resulting in a reduction in the quality of one’s work. Additionally, when emergency responses might be required, people might not have the ability to give that extra level of response, because they are already over-stretched.
- One observes the following at PIC:
 - No biometric card security checks;
 - No roads signs to tenants’ installations, administration offices, restaurant;
 - Poor grooming of open area grounds; and
 - No recreational facilities.
- A visit to the hydraulic installations revealed:
 - Leaking in several parts of the pipes;
 - Slippery floors where leaking water has accumulated and algae has grown, making the floors in those areas dangerously slippery;
 - Two floor grills removed, leaving open holes in the floor, representing danger of tripping over grills and/or stepping into holes;
 - Seven different brands/producers of the different parts and pieces of the water installations;
 - No water gauges on the outside of the reservoir tanks;
 - Parts and replacements for repairing the hydraulic installations were requested for purchase under the 2016 and 2017 budgets, but no response from Procurement in SONAPI; and
 - Request for additional engineer has not been responded to.
- A visit to the wastewater aeration pools revealed:
 - Excellent laboratory installation for testing water; and
 - Well-designed aeration pools, using cutting-edge, green technology for the aeration pools.

Staff and Responsibilities

SONAPI (PIC) ENGINEERING STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Department of Hydraulic Systems and Wells	Department of Hydraulic Systems and Wells
PIC Logistics	PIC Logistics
Department of Properties Maintenance	Department of Properties Maintenance

The responsibility of each engineering department is clearly shown in the title of each position. The staff who hold the respective positions have many years of work experience and general engineering skills for responding to the demands of the jobs for which they are responsible. However, there are many different engineering challenges that prevent the staff from covering all technical and engineering needs at all times. For example, there is no roofing expertise. Some tenants said they reported degraded industrial water quality that was ruining their products, but PIC was not able to respond adequately, so the tenant brought in the required expertise.

Tools

The PIC offices are well equipped with computers and there are no complaints about their software applications. However, there is no common database with PIM, resulting in, for example, the junior accountant having to send his Excel files to accounting at PIM via email attachment. There is an urgent need to upgrade all IT/IS applications and systems, in order to fully integrate PIC and PIM.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ Engineering is critical to the smooth running of PIC. The PIC organizational structure needs in-depth business process reengineering (BPR) of its vital processes in order to identify redundancies and inefficiencies, which are fairly apparent, and objectively restructure PIC so that it is truly purpose-designed. 	<ul style="list-style-type: none"> ✓ Lack of awareness by top management concerning the importance of purpose-designing an installation such as an industrial park. ✓ Traditional government approach to creating organizational structures, where archaic systems of top-down, centralized management prevail.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ The engineers are qualified engineering school graduates with pertinent skills and background experience. ✓ Staff are overworked. ✓ There has been no workload analysis, with which someone can defend requests for additional expertise. 	<ul style="list-style-type: none"> ✓ Traditionally, every top government change means SONAPI top management cadres are changed. The PIC Executive Director position has been vacant since beginning 2017. This and other unfilled vacancies cause a work overload on engineering and other services.
Reporting/Compliance	<ul style="list-style-type: none"> ✓ PIC managers rigorously write up every meeting and comply strictly with the kinds of reporting stipulated in rules and regulations. In this regard, they are fully compliant with reporting requirements. ✓ IDB norms and regulations for a green industrial park are in place and PIC is in compliance with them. ✓ To the outsider, PIC would appear to be in compliance with the best engineering and maintenance standards. However, observations and information provided by tenants reveal that there is still a lot of work to be done to bring PIC up to full compliance with all aspects of engineering needs and requirements, including safety and security. ✓ Compliance, which is an especially critical feature of managing safety, security and all engineering technical areas in an industrial park that holds nearly 11,000 persons during production hours, is not fully up to international standards. 	<ul style="list-style-type: none"> ✓ There is insufficient engineering staff and budget allocation to be fully compliant with things like vehicle safety and the leakage in the main water pump installations and with even plant safety aspects. The cause of that could be insufficient attention by management to the need to be fully up to international standards in all operations.
Tools	<ul style="list-style-type: none"> ✓ No common database with PIM. ✓ To the outside eye, engineering functions have the engineering tools required to tend to most engineering needs. 	<ul style="list-style-type: none"> ✓ Lack of business acumen at top ministerial and SONAPI levels concerning the importance of high-performance IT/IS systems and integrated databases. ✓ Possible interest at the top in continuing to use manual systems to preserve jobs, instead of having IT systems

		that have built-in controls and user protocols and which have just-in-time self-auditing capability.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Work space is excellent in all regards. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ PIC top management is new. It is not possible to comment yet on how staff are being managed 	<ul style="list-style-type: none"> ✓ Non-applicable at this time.
Decision making	<ul style="list-style-type: none"> ✓ Logistics & engineering have a critical role in PIC, but there is little decentralized decision-making. For example, logistics reports to Deputy Manager of PIC who reports to Logistics PIM, who report to Administration and Finance. Thus, ultimately there are no checks and balances and no adequate range of PIC decision-making responsibility and authority. 	<ul style="list-style-type: none"> ✓ Archaic, top-down decision-making style common to traditional public sector management, constrains PIC latitude and responsibility in logistics decisions. ✓ PIC lines of authority are not commensurate with a fully decentralized industrial park.

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI (PIC) Engineering Function can be identified by comparing the aforementioned current situation with good international industrial parks logistics and engineering practice.

Successful organizations have Logistics/Engineering operations that excel in the following:

- Walkability
- Environmental sustainability
- Maintenance/repair
- Amenities
- Transit-friendliness
- Accommodate growth

The first, specific solutions and interventions related to Engineering are:

- Conduct in-depth BPR analyses of PIC; streamline processes so they more efficiently deliver services to tenants and respond efficiently and effectively to engineering needs.
- Restructure PIC, realigning the functions and reporting lines, according to the streamlined vital work processes of PIC.
- For more efficient operations, SONAPI should cede more responsibility to PIC. SONAPI should review laws and rules governing PIC's management status. If it was legally designed as a decentralized operation with substantial autonomy, clear decision-making protocols and definitions of responsibility and authority should be put in place that permit PIC to better exercise authority/autonomy. If that decentralization is not currently authorized SONAPI should consider how to decentralize.

Properly Position Engineering Function within the Organizational Arrangements

The recommendation to conduct an in-depth vital work processes analysis of engineering and logistics should include all transversal work processes between PIM and PIC, and then streamline both the vital work processes and their key support processes. The results of the processes streamlining will provide the best, objective information for deciding where to position engineering and logistics within the overall PIC structure. It will also ensure that engineering and logistics do not report to the Administration and Finance Director.

Develop and Implement Policies, Procedures, & Processes

Streamlined processes inform procedures. : once in-depth BPR work has been carried out, and well-developed flow diagrams created for those improved processes, SONAPI would proceed to write up the processes which describe the flow diagrams, as well as write up all related policies, and ensure adherence to them.

Automate Operations

PIC and PIM engineering and/or logistics functions should both collaborate with IT in exploring what the best ERP-based software solution could be for logistics and engineering needs. Once determined, it will be possible to be more specific on what engineering needs to do to modernize its hardware and software.

Provide Skills Training

Engineering requires a dedicated budget to allow its small staff to bolster its skills in specific themes of industrial parks maintenance. Skills should be defined once the BPR is complete. Training in industrial park management (walkability, environmental sustainability, maintenance/repair, amenities, transit-friendliness, how to accommodate growth) should be considered.

8. COMMUNICATIONS & SONAPI PROMOTION

OVERVIEW

Structure and Role of the Department

Communications is a key SONAPI support function assessed by the team. It is carried out by SONAPI's new Department of Communications and SONAPI Promotion (hereafter referred to as Communications). We compared the current situation of SONAPI with good international policies and practices in Communications to understand, where appropriate, the differences between the two to help understand where gaps exist. Also, good international practices allows one to benchmark the desired "future state" for Communications.

The Communications Department was set up in 2016, and has evolved into what is called the Communications & SONAPI Promotion Department, in order to include a work stream focused on marketing for SONAPI. As of July 2017, the Department was redesigned and structured into two work streams, with a staff of two, awaiting designation of more staff for undertaking functional areas such as Customer Relations Management (CRM), web design, and others yet to be determined. The Ministry of Communications and the Prime Minister's Office have apparently issued orders for all public institutions to have a communications department. The Department reflects the new DG's belief that the Communications Department should have a promotional focus in addition to a communications focus.

The two staff are very qualified for leading SONAPI's communications and promotional responsibilities and activities. Because this is an incipient function, it was not possible to perform an assessment of the current performance. If the two personnel are allowed to develop this function according to their knowledge, skills and experience, the department will have a greater chance of being successful.

Judging from the personalities of the people interviewed, SONAPI has chosen a dynamic, highly competent, and pro-active staff to set up and develop its Communications Department. Now that this department is created, it is up to management to "do it right and get it right" from the start. The advantage is that nothing has to be undone or reinvented.

The two people staffing the new department understand the concept of image branding, and that it must be backed up by results than can be demonstrated when potential investors visit PIM and particularly PIC installations. They understand that satisfied tenants who communicate their satisfaction with PIM and PIC services to visiting potential investors are critical to that branding. The team has proposed that the communications side of the department have a "communications operations" work stream. This would have two responsibilities: 1) internal communications (with both SONAPI staff and tenants – e.g., CRM); and 2) external communications (e.g. radio and media relations).

A primary reason for including internal communications systems as part of the Communications and SONAPI Promotion Function, is to help overcome the current culture of not sharing and retaining information. Interviews with several tenants and with SONAPI staff at all levels, reveal

that SONAPI's communications culture reflects an outdated attitude that sharing information makes one weaker rather than stronger. There is a palpable fear of sharing information among SONAPI staff at PIM, and of reprisals against people who share innocuous information that is not "approved". The organization values concerning transparency are set at the top and cascade down across the organization.

Staff and Responsibilities

SONAPI COMMUNICATIONS STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Non-Existent	Manager of Communications & SONAPI Promotion
	Communications Specialist

The Manager and Specialist are a small team who assume the tasks and responsibilities which are still being defined and refined.

The foreseen future structure will include:

- Social Network Specialist
- Events Coordinator
- Graphic Design Specialist
- Economist
- IT/IS Specialist

Tools

SONAPI is currently evaluating what kind of ERP/EMC database would be most appropriate for SONAPI's future. Given the expected heavy reliance of the Communications Department on internet-based communications, and the need for robust hardware and software applications, it will be critical that Communications works closely with IT to ensure that its specialized software application needs are taken into account.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ The Communications Department is still under development. ✓ There is a clear and immediate role and need that the new Communications Department is filling. 	<ul style="list-style-type: none"> ✓ Retention of information (lack of information sharing and lack of transparency) is not only an organizational characteristic, it is also rooted in a mentality. This is sometimes observable in traditional public sector institutions, which regard information as power, and sharing information as losing that power. ✓ A 37-year absence of a modern communications department with a mandate to promote SONAPI indicates an historical lack of a business-oriented mindset at the top ministerial levels and at the head of SONAPI. ✓ It is important to stress that this historic gap has now been successfully addressed.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ Communications Department Manager and Specialist are exceptionally well-qualified and experienced in communications 	<ul style="list-style-type: none"> ✓ Not applicable at this time.
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ It is too early to make an informed observation. 	<ul style="list-style-type: none"> ✓ Not applicable at this time.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware requirements not yet jointly assessed by Communications and IT experts in order to ensure properly upgraded equipment and software are available to handle upcoming demands imposed by an eventual ERP-based platform. ✓ Website-based interface systems need developing. 	<ul style="list-style-type: none"> ✓ Not applicable at this time.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Communications does not yet have a dedicated office space. ✓ Work space in SONAPI HQ at PIM is crowded in general. HQ building requires major expansion, alternately constructing a new work-friendly building along similar lines to the SONAPI office building at PIC. <p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ The DG is fully supportive of Communications. It remains to be seen how much of the proposed structure and work streams get approved and up and running. 	<ul style="list-style-type: none"> ✓ Not applicable at this time

Decision making	<ul style="list-style-type: none"> ✓ Communications has been correctly placed within the structure so that it reports directly to the DG. ✓ Given the knowledge and experience of the Manager and Specialist, it is hoped that the DG will cascade appropriate decision-making responsibilities and authority to the Communications Function. 	<ul style="list-style-type: none"> ✓ Not applicable at this time.
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RECOMMENDED SOLUTIONS

It is premature to identify gaps in Communications performance as the function is too young. Nonetheless, it is good to describe good international communications standards against which the Communications Department should measure itself.

Successful organizations not only believe in open access to information, they also actively provide easy means of access to information for all people with a need and interest to understand the organization. They recognize the value of having information and communications available to the right people, at the right time, and in the right manner and form.

An in-facing and out-facing knowledge management function is considered good international practice in general, and particularly for organizations involved in complicated internal and external communications. SONAPI needs to effectively and efficiently collect, analyze, and communicate information to a large and varied number and type of internal and external clients who have different communications and information needs.

Good international practices on knowledge management systems, together with a knowledge management framework are presented in Annex D.

The first, key solutions and interventions related to the department are:

- SONAPI moves quickly to get its new department fully up to speed.
- SONAPI creates a highly competent function of Markets Intelligence¹⁶/Markets Analysis/Markets Mobilization. This could be a key support function within Communications. This would also be a key work stream within the SONAPI Promotion part of the Department of Communications and SONAPI Promotion.
- SONAPI sets up a Knowledge Management (KM) Function, to ensure that it moves toward becoming an organization that effectively and efficiently manages the information it has, to the benefit of its internal customers. The creation of a well-managed KM Function is quite complex and complicated and needs strong involvement from IT and other support areas. It is generally a long-term effort to establish a KM function. It requires understanding and unflinching support from the top. Suggestions on the “what” and “how” to create a KM Function is in Annex D.

Properly Position the Communications Function within the Organizational Arrangements

The Manager of Communications explained that the new department reports directly to the SONAPI DG. The team agrees fully with this direct line of oversight by the DG, particularly considering the strategic nature of promoting SONAPI, as well as the strengthening of internal communications.

Develop and Implement Policies, Procedures, & Processes

¹⁶ Primarily external data collected and analysed by a business about markets that it anticipates participating in with the intention of using it in making decisions. Marketing intelligence can be used to assess market entry opportunities and to formulate market development plans and penetration strategies.

Communications must start from scratch to develop all policies, processes, and procedures. The communications function structure that the new Director has proposed should be “tested” by carrying out a well-performed, in-depth BPR activity, with well-detailed, streamlined communications work processes. This should include developing flow diagrams for these processes.

Automate Operations

Communications needs to collaborate with IT in exploring what the best hardware and software solutions are for its specialized needs.

Improve Skills

Communications should have a dedicated budget to allow its small staff to stay continually updated in communications trends and techniques.

9. LEGAL SERVICES

OVERVIEW

Structure and Role of the Department

Legal Services is a key SONAPI support function assessed by the team, and is carried out by the Legal Services Department. We compared the current situation in SONAPI with good international policies/best practices in Legal Services to understand, where appropriate, the differences between the two in order to help understand where gaps exist. Furthermore, good international practice allows one to benchmark the desired “future state” for Legal Services.

The Legal Services Department is less than a year old and was established at the end of 2016. It is comprised of four lawyers. The Head of Legal Services and a second lawyer are employed on one-year, fixed-term contracts. Two additional lawyers are retained on an as-needed basis. Legal Services reports directly to the DG and has a limited range of service responsibilities:

1. Tenant contracts,
2. All categories of employee contracts, and
3. Labor questions—details not provided.

There were no outstanding SONAPI legal issues or irregularities cited, which indicates that legal matters being handled are up to date. The recent labor strikes were not discussed.

Staff and Responsibilities

SONAPI LEGAL SERVICES STRUCTURE	
ORGANOGRAM OCTOBER 2015	ACTUAL
Does not exist	Head of Legal Services
	3 Assistant Lawyers— 2 on as-needed basis

The Head of Legal Services is clearly a well-qualified lawyer with her own private law practice. She observed that her Department is somewhat poorly organized and not well coordinated, but that under the new DG things are improving getting better. A concerted effort is required to ensure Legal Services operates efficiently and effectively.

Legal Services has the potential to provide greater services to SONAPI than it currently does. The job description for the full-time lawyer overly limits Legal Services’ range of responsibilities and authority. Considering the potential for supporting present and future SONAPI legal needs, it seems useful to expand the range of responsibility and authority of this individual.

Tools

There are no particularly pertinent observations regarding “tools” for the Legal Services Function. However, the team recommends that the upcoming new ERP-based software implementation take into particular account the need to have secured document management software and systems so that all documents generated in Legal Services can be saved in a safe IT environment, and are fully auditable.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Structure and role in the overall structure	<ul style="list-style-type: none"> ✓ There is no issue concerning structure. ✓ Given the level of legal expertise and experience, the range of responsibility for Legal Services seems limited. ✓ It is recommended that the job description widen the range of services that Legal Services could provide, such as a 24/7 emergency call line. 	<ul style="list-style-type: none"> ✓ This is a new function, which seems surprising, given the fact that so many foreign tenants work in PIM and PIC. The years-long lack of legal points to top oversight ministry and SONAPI lack of concern, or possible lack of awareness, concerning the necessity of having an in-house legal expert to ensure correct, transparent and legal support is provided to SONAPI.
Staff/Capacity and skills and tasks	<ul style="list-style-type: none"> ✓ Legal Services head is well-qualified and experienced. 	<ul style="list-style-type: none"> ✓ Not applicable
Reporting/ Compliance	<ul style="list-style-type: none"> ✓ The Head of Legal Services reports directly to DG. There are no manuals of policy, process, and procedure to refer to. Since there is no Internal Audit function whose audits and reports could be referred to, it was not possible for the team to ascertain if Legal Services is in compliance with how reports are generated and safely filed. ✓ No performance standards concerning ethics, neutrality and objectivity exist for Legal Services, so there is no SONAPI-specific performance benchmark for determining how Legal Services is actually performing. 	<ul style="list-style-type: none"> ✓ Legal Services' Terms of Reference are limited to three areas of responsibility, and do not describe the precise context of SONAPI culture of accountability for legal ethics. This points to a traditional laxity in how top management and HR services write up Terms of Reference, which makes it impossible to determine if an employee/department is or is not in conformity with reporting and other compliance requirements.
Tools	<ul style="list-style-type: none"> ✓ Software & hardware safety and security requirements not yet jointly assessed by Legal Services and IT experts in order to ensure all protocols are in place to guarantee the discretion and transparency and security of all Legal Services documents. 	<ul style="list-style-type: none"> ✓ Neither Legal Services nor IT mentioned the question of cyber security and data protection and transparency for Legal Services. It appears that this is a simple question of not being aware of the critical nature and importance of these questions.
Working environment	<p>PHYSICAL</p> <ul style="list-style-type: none"> ✓ Legal Services is only two people, so "space" is not an issue. The work can often be performed from the law offices of the Head of Legal Services, or even from home. ✓ Work space in SONAPI HQ at PIM is crowded in general. HQ building requires major expansion; alternately construct new work-friendly building along lines similar to SONAPI office building at PIC. 	<ul style="list-style-type: none"> ✓ Top management has not always realized that investing in working environment and retention of young talent is not just an expense, but an investment.

	<p>MANAGEMENT</p> <ul style="list-style-type: none"> ✓ DG and Head of Legal Services need to formalize their work routines and calendar of meetings, taking into account that Legal Services often must respond to unforeseen events and needs. 	
Decision making	<ul style="list-style-type: none"> ✓ Legal Services is responsible for recommending proper decisions based in law and in the fundamental interests of SONAPI, while also protecting the rights and privileges and needs of staff. ✓ The DG is not required to follow Legal Services' advice. 	<ul style="list-style-type: none"> ✓ Not applicable

RECOMMENDED SOLUTIONS

Most of the gaps concerning the SONAPI Legal Services Function can be identified by comparing the current situation with good international Legal Practice.

Successful organizations have Legal Services operations that:

- Have manuals of policies and procedures in effect that rigorously reflect laws, norms, and regulations set by both the organization and fair practices, and which ensure full transparency of operations and activities across the entire spectrum of legal services provided,
- Are databased, with all cyber security in place, as well as computer safety protocols in place,
- Are fully auditable, and have streamlined procedures which can be seen in flow diagrams, and
- Have well-developed, up-to-date and secured databased documents, with just-in-time “auditability.”

Other good international practices¹⁷ in this functional area would be best described as follows:

- Clear SONAPI policy document related to Legal Services;
- Job Specifications that describe the range of responsibility and authority of Legal Services
- An expanded role to cover emergency response needs of tenants and employees following good international practice, particularly concerning cases where staff and tenants might need legal counsel for how to handle certain, prescribed emergencies, such as road accidents, in order to ensure SONAPI staff and tenants get proper, immediate counsel on how to act,
- Staffing sufficient and ready to have an urgent response capacity. In this regard, good international practice establishes “hot line” communications services and protocols that are widely and effectively communicated to SONAPI staff and tenants, and
- Clear protocols concerning which needs are communicated via this kind of “hot line” services, and which are not.

The first key specific solutions and interventions related to the Legal Services are:

- Immediately develop clear SONAPI policy documents related to Legal Services, to include policy concerning cyber security, document files (access; security; discretion; auditability); as well as protocols for physical safety of laptops that do not stay on SONAPI premises.
- Write up job specifications that describes precisely what the range of responsibility and authority of Legal Services is.

¹⁷¹⁷ Northrop Aircraft Saudi Arabia Legal Services Department, 1976-1996.

- Expand the present role for Legal Services to include a type of “hot line” emergency response needs for tenants and employees, particularly concerning cases where staff and tenants might require emergency legal advice.

Prepare and Implement Policies, Procedures, and Processes

It is imperative to immediately write all manuals of policy, procedure and processes, incorporating all the aforementioned points.

Automate Operations

Ensure cyber security protocols and systems are immediately put in place for Legal Services.

Improve Skills

The Head of Legal Services is fully competent, but the Department should have a discreet budget to ensure that the Head of Unit can go to carefully targeted events directly related to the interests and needs of SONAPI. This will enable the department to stay on the cutting edge of what kinds of legal services are required for an operation similar to SONAPI, particularly to learn where SONAPI legal services need to be expanded.

10. INTERNAL AUDIT

OVERVIEW AND FINDINGS

NOTE: The Internal Audit Department was created in March 2017, has not yet been structured as an operational function, and is not in the existing organizational chart, so this chapter has a slightly different structure.

During its interview, the team learned that the function reports directly to the DG. The person who has been appointed as the head of department is a Certified Public Accountant and also spent more than two years at SONAPI as a consultant. This should make things easier going forward while defining structure, procedures, staff recruitment, job profiles and job descriptions. The recommendations that follow are based on good international policies and procedures.

RECOMMENDED SOLUTIONS

Establish Function in the Organization

Neither the March 2015 nor the June 2017 version of the SONAPI organigram shows an internal audit function. Internal Audit, no matter the organization, has the same universal mandate. What varies are lines of reporting, range of responsibility, frequency of audit calendars, etc., which determine what an internal auditor is responsible for carrying out on an annual basis.

The team proposes that the Internal Audit Function report directly to SONAPI top management (both the DG and the Board of Directors). This ensures neutrality and limits the possibility of Internal Audit being over-ridden or politically interfered with. It is also recommended, as consistent with all recommendations made for the restructuring of SONAPI, that the new Internal Audit Function undergo a BPR analysis to determine the construct of the function (mainly the number of persons and the required Knowledge Skills and Aptitudes (KSA) necessary to carry out the to-be-defined numbers, types and ranges of SONAPI internal audits).

Internal Audit is a Total Systems Function

Within the context of a total systems approach, and based on good international practice and good governance systems in other government and private sector organizations, a general description of the work of an internal auditor would include activities such as those listed below. It is important to note that the guiding principle is that the internal auditor is fully engaged with staff, systems, clients and stakeholders across the board, from top to bottom. The spirit and intent of the Internal Audit Function is not an isolated individual operation.

Internal auditors look at ways of changing outdated processes, identify new opportunities and share good practice. Their range of tasks can include:

- Attending meetings with auditees to develop an understanding of business processes;
- Travelling to different sites to meet relevant staff and obtain documents and information;

- Researching and assessing how well risk management processes are working and recording the results using software such as Microsoft Word and Excel;
- Providing ad hoc advice and guidance to managers and staff at all levels, sometimes by delivering courses and training sessions;
- Performing risk assessments on key business activities and using this information to guide what to cover in audits;
- Anticipating emerging issues through research and interviews and deciding how best to deal with them;
- Providing support and guidance to management on how to handle new opportunities;
- Agreeing with relevant staff members on recommendations to make improvements to operations and helping to secure backing for them in meetings;
- Preparing reports to highlight issues and problems and distributing the reports to the relevant people;
- Assessing how well the business is complying to rules and regulations and informing management whether any issues need addressing; and
- Managing a variety of stakeholders and their expectations through regular communications.

Function Organization and Staffing

SONAPI will need to write up a clear, precise Job Specification for this function.¹⁸ The following are the recommended general guidelines for the Job Specification:

- It is critical to ensure that the Job Specifications for Internal Auditor are written up carefully, to show range of responsibility and authority, and the frequency of internal audits within SONAPI. If this is not carefully and precisely described, then it will not be possible to evaluate Internal Audit's performance.
- An internal auditor's work within SONAPI is to monitor and evaluate how well risks are being managed; how SONAPI business is being governed; and to ensure that internal processes are working correctly. The internal auditor also provides a consulting service to management, advising management on how to improve systems and processes.
- As mentioned above, the scope and nature of audits can vary significantly. However, the main priority of the work is to make sure any issues that affect the survival and performance of the business are dealt with in a timely fashion, so that potential or poor performance can be detected on time and be corrected on time, before external audits are performed by, in this case, SONAPI external auditors.
- Unlike external auditors, internal auditors look at more than financial and accounting risks. They should look at every functional area of SONAPI. They should consider factors such as regional reputation, environmental impact, treatment of employees and ethics, and IT systems. Basically, SONAPI internal audit function should provide a "total systems" coverage and be constructed accordingly, after defining the work load that this implies.

¹⁸ Team members were not provided a job description of an existing IA position, so it is not possible to comment on its completeness or quality

- One critical objective of the new SONAPI Internal Audit Function is to help senior management provide evidence to stakeholders that they are managing SONAPI effectively.

Minimum Internal Auditor Job Specifications

As a strict minimum, the internal auditor must be an accredited internal auditor. For example, he or she must hold Chartered Institute of Internal Auditors (CIIA) certification, or the equivalent, which would have risk management “incorporated” in the certification. The acceptable candidate ideally would also have proven, hands-on experience in public sector risk management. There is currently a worldwide shortage of qualified candidates in the internal auditor market. It may well be difficult, even impossible, for SONAPI to recruit a full-time internal auditor because of the shortage. If SONAPI is not able to recruit an internal auditor with the minimum requirements mentioned, the alternative is to outsource an internal auditor from a firm that does not do SONAPI’s external audits.

Firms such as KPMG, Deloitte, and PriceWaterhouseCoopers have three-year plans for outsourcing internal auditors on a full-time basis. National firms might also have such arrangements. In the proposed new organizational arrangement, we recommend that SONAPI create a risk management function. If SONAPI recruits or outsources a certified internal auditor, with risk management experience or formal studies, then the proposed risk management function could be eliminated.

11. TENANT SERVICES

OVERVIEW

Structure and Role of the Department

SONAPI currently does not have a Tenant Services Department, therefore this chapter is organized differently. The chapter provides an overview of SONAPI tenants and services provided, an assessment of the quality of those services, and then, as with previous chapters, the “Gaps” and “Recommended Solutions”.

Current Status of Tenants and Services Provided

As part of the SONAPI performance assessment, a range of tenants was visited and interviewed in regards to the services they receive (tenants are here defined as companies that have signed a contract to rent space within SONAPI to accommodate their business (manufacturing or others). SONAPI has a total of 36 tenants: 28 at PIM and 8 at PIC.

PIM was built in 1974 and the majority of the buildings and infrastructure at PIM are dilapidated and out-of-date. PIC opened in 2014, and contains much better facilities. As result of U.S. textile/apparel trade preference programs for Haiti (HOPE and HELP), more than 95% of SONAPI tenants are textile or apparel companies.

The purpose of the team’s interviews with tenants was to determine their level of satisfaction with SONAPI’s service. Below are the services provided by SONAPI to the tenants:

1. **Leasing of Premises**
2. **Security:** SONAPI provides the overall external security while every tenant assures its internal security,
3. **Water and electricity (for PIC).** At PIM, the electricity and water are provided by external utilities.

FINDINGS

Positive Findings

1. The contracts are fair and there are few constraints on the tenants. The price per square meter is reasonable compared to that of competing industrial spaces in Haiti.
2. The external security is well handled by SONAPI. SONAPI successfully managed the difficult situation during the recent employee riots.
3. At PIC,
 - a. The overall infrastructure is in good shape,
 - b. Electricity is available 24 hours a day,
 - c. Water and waste treatment plants are efficient and modern,

- d. There are still many opportunities for future development. PIC's developed area is 26 hectares, and the overall area is 260 hectares.
4. The HOPE and HELP agreements create a consistent market for business.

Negative Findings

1. At PIM, the electricity is only provided 8 hours a day from 8am to 4pm. Companies may use their own generator to work longer hours. However this is very expensive and raises the production costs.
2. Tenants complain that the service delivery is poor. SONAPI management has shown little concern in finding a solution.
3. Claims for maintenance have very slow response rates, and often tenants end up having to pay for repairs themselves.
4. There is a lack of leisure infrastructure. Tenants would like to have on-site recreational and social activities.
5. The process of collecting documentation and establishing new businesses takes too long, often more than 8 weeks.
6. Tenants believe SONAPI is working like a public administration entity instead of a business entity.

GAPS, FINDINGS, AND ROOT CAUSES

Gap Areas	Findings	Root Causes
Delays in addressing complaints	✓ Many tenant complaints wait for more than 6 months without any answers from SONAPI. This leaves tenants very frustrated.	<ul style="list-style-type: none"> ✓ SONAPI is a public company but working like a public administration. ✓ Lack of a business unit that can address the customer complaints.
Communication	✓ Communication is either done by telephone or letter. Letters are recorded in a register at SONAPI and sent to technical services for maintenance.	<ul style="list-style-type: none"> ✓ Lack of innovation and little focus on improving effectiveness ✓ Lack of a business culture.
Lack of business unit	✓ Issues with tenants are addressed to the Administration Department before being passed to the Technical Department for action.	<ul style="list-style-type: none"> ✓ SONAPI does not act like a business entity. ✓ SONAPI's top management lacks innovation.
Delayed maintenance	✓ Maintenance repairs can take more than 6 months.	✓ There is a public administration culture.
Tenant Maintenance	✓ Tenants often have to pay for their own maintenance, due to long delays. They are not compensated.	✓ SONAPI lacks a sufficient budget. To perform maintenance. More than 80% of the revenues are consumed by HR and Administration expenses. Maintenance receives less than 20% of the revenues.
Delays in establishing new businesses	✓ It can take 3 months for new investors to establish a business in SONAPI.	✓ SONAPI's lack of a one-stop-shop for investors
Lack of leisure infrastructure	✓ Many of the tenants want SONAPI to add leisure infrastructure around the industrial parks, to allow employees and employers to spend time together. This would bring more cohesion in SONAPI.	✓ The initial park design ignored leisure infrastructure.

RECOMMENDED SOLUTIONS

SONAPI should make tenant satisfaction a high a priority. All revenue is generated from tenants, therefore more satisfied tenants can create more revenue for SONAPI and help sustain its future growth. Described below are the best practices in customer care for SONAPI to follow.

- 1. Be Accessible.** Customers must always be able to contact you, or someone in the company who represents you. Offer many different ways for your customers to contact you, such as phone, email, and social media. Make sure all these communication channels are easy to manage. If you provide many contact points, but you don't increase your resources and staff, you'll be spreading the business too thin.
- 2. Always Respond in a Timely Manner.** Create a business policy that all emails and phone calls must be returned with 24 hours. If this is not something you can commit to, then you must determine what timeframe would be manageable and be very clear with your customers about this timeframe.
- 3. Listen to Your Customers.** Customers want to be heard. Don't jump in and start defending yourself, your company, or your product.
- 4. Treat Your Customers with Respect.** If you are trying to deal with an irate, rude, complaining or demanding customer, never lower yourself to their level of behavior. Continue treating your customers with respect, and in turn they will respect you. They might just be having a bad day and could well regret their bad behavior.
- 5. Never Argue with Your Customers.** You'll never win an argument with a customer. Instead, focus on how the situation can be resolved.
- 6. Honor Your Commitments.** Do what you say you will do. If you offer a guarantee, then you must honor it, if you say you will respond to emails, respond to them.
- 7. Do What You Say.** If you've promised to call a customer on Monday, call them on Monday. If you want to earn the trust and respect of your customers you must follow through and do what you said you would.
- 8. Focus on Customer Relationships.** For your business to enjoy long-term success you must cultivate long-term relationships. Sacrificing long-term relationships to make short-term sales dooms your business to failure

9. Admit When You Make Mistakes. One very valuable lesson on customer service is, when you do make a mistake, don't deny it. Admit your mistake, apologize, and correct the situation.

10. Train Your Staff. When staff members are properly trained to provide excellent customer service, they feel empowered to make on-the-spot decisions when dealing with customers. Make it very clear what their authority levels are, and ensure they understand completely the customer service principles that apply to your business.

Define Service Standards

The level of customer satisfaction cannot be measured if there are no standards that serve as measurement tools. SONAPI has to define standards and procedures, and train its staff in order to make sure effectiveness does improve.

Creation of a Business Unit

SONAPI is a business entity that is still functioning similar to a public administration entity. A business culture must be created within SONAPI to focus more on the tenant's care. SONAPI must create a business unit to maintain the relationship with the tenants. This unit will be the point of contact for tenants within SONAPI, and it needs to be available to respond to tenant needs immediately. This unit should report to the DG due to its important role.

Improve Skills

SONAPI staff must be trained in customer care. The staff must understand the importance of tenants and their responsibility to them. This training must start with the client unit and eventually extend to other units. The training would focus on customer care, managing customer relationships, and marketing.

Annex A. HICD Support to SONAPI - List of Meetings

Meetings with SONAPI/PIM

Name of Employee	Institutions	Function/Title	Contact Information	Date
Sherley Kanzki Jean	SONAPI/PIM	Consultant	Sherleykanzki.jean@sonapi.gouv.ht	7-Jun
Sendy Malette Gédéon	SONAPI/PIM	Executive Assistant to the General Management	sendymgedeon@yahoo.fr	8-Jun
Marie Rose-Laure P. DuMarsais	SONAPI/PIM	Accounting	Payenlaure78@yahoo.com	11-Jun
Lizt Quitel	SONAPI/PIM	Chief of Staff	lquitel@yahoo.com	12-Jun
Bernard José Schettini	SONAPI/PIM	Director General	jbschettini@sonapi.gouv.ht	12-Jun & 11 Aug.
Nélaton Hyppolite	SONAPI/PIM	Technical Advisor, Technical Manager	Nhyppolite@sonapi.ht	13-Jun & 11-Aug
Pierre Paul Michel	SONAPI/PIM	Assistant Technical Director	Pierrepaul.michel76@yahoo.fr	13-Jun
Pierre-Inos Alcegaire	SONAPI/PIM	Head of the Engineering Department	Pialcegaire2001@yahoo.fr	13-Jun
Mimose Pierre	SONAPI/PIM	Deputy Administrative Director / Human Resources Office	Mimose92005@yahoo.fr	10-Jul
Sherley Augustin Martine	SONAPI/PIM	HR Assistant Manager	Sheloo23@yahoo.fr	11-Jul
Claude Michel Extra	SONAPI/PIM	IT Manager	Claudemichel.extra@sonapi.gouv.ht	12-Jul
Richard Dieudonné	SONAPI/PIM	HR Consultant	Richard.dieudonne@escaldi.com	13-Jul

Francois Rubens	SONAPI/PI M	Head of Specialized Procurement Unit	francoisrubens@gmail.com	13-Jul & 11 Aug.
Arnaud Beaudin	SONAPI/PI M	Assets Management	Baudin16@hotmail.com	13-Jul
Cicéron David	SONAPI/PI M	Administrative-Logistic Agent	cicero@hotmail.fr	14-Jul
Ainée Attie	SONAPI/PI M	Coordination-Protocol	Aimee_attie@hotmail.fr	14-Jul
Alexis Hemay	SONAPI/PI M	Archivist	alexishemay@gmail.com	14-Jul
Vanessa Denis	SONAPI/PI M	Archivist	vanessadenisrobenson@gmail.com	14-Jul
Johanna-Sylvain Joseph	SONAPI/PI M	Head of Legal Affairs	johannasylvain@gmail.com	14-Jul
Astride Salnave Chevalier	SONAPI/PI M	Communication	Titrid22@hotmail.com	14-Jul
Bethaida Florentin	SONAPI/PI M	Chief Accountant,	509904493	17-Jul
Lev Bouillon	SONAPI/PI M	Communication and Marketing Development	levbouillon@gmail.com	14-Jul
Lareche Garal Wehster	SONAP/PI M	Senior accountant,	50937488230	18-Jul & 11- Aug.
Rose-Andree Policard	SONAPI/PI M	Administrative Officer SRH	roseandrepol@yahoo.fr	18-Jul
Medgine Valcourt	SONAPI/PI M	General Management Secretary	valcourtmedgine@gmail.com	19-Jul
Pierre-Alexandre Richard	SONAPI/PI M	Environmental Consultant	Pierre-A.Richard@hotmail.com	19-Jul
Clunide C. Noel	SONAPI/PI M	Head of Logistics	noelclunide@hotmail.com	19-Jul
Jean Guy Nestand	SONAPI/PI M	Security Manager	NA	19-Jul

Daphine Durscbis	SONAPI/PI M	Administrative assistant	Durchuoliviere30@yahoo.fr	19-Jul
Rose Andre Polichard	SONAPI/PI M	Administrative officer	roseandrepol@yahoo.fr	20-Jul
Medgine Valcourt	SONAPI/PI M	Secretary, Office of Director General	valcourtmedgine@gmail.com	20-Jul
Pierre Alexandre Richard	SONAPI/PI M	Environmental Consultant	Pierre-A.Richard@hotmail.com	20-Jul
Jose Schettini Bernard	SONAPI/PI M	Director General	jbschettini@sonapi.gouv.ht	25-Jul
Quetel Liszt	SONAPI/PI M	Assistant Director General		11-Aug
Fleurantin Joahne	SONAPI/PI M	Accounting Department		11-Aug
Gragon Jude Gilbert	SONAPI/PI M	Security Services		11-Aug

Meetings with SONAPI /PIC

Name of Employee	Institutions	Function/Title	Contact Information	Date
Marah Armand	SONAPI/PI C	PIC Logistician	Marmand138@gmail.com	26-Jun
Dieuseul LaFosse	SONAPI/PI C	PIC Administrator		26-Jun
Smith Jean	SONAPI/PI C	PIC Direcotor		26-Jun
Boyard Moise	SONAPI/PI C	Junior Accountant	Boyardmoise91@gmail.com	26-Jun

Jean Gilles Jerry	SONAPI/PI C	PIC Security Officer	jeangilles@gmail.com	26-Jun
Cadet Vertheaud	SONAPI/PI C	Head of Transport at PIC	Vertheaud.cadet@yahoo.fr	27-Jun
William Jhonny	SONAPI/PI C	Everest Apparel		27-Jun
Daphnie Durchis Oliviere	SONAPI/PI C	Administrative Assistant	Durchuoliviere30@yahoo.fr	27-Jun
Marcelin Mariol	SONAPI/PI C	Assistant Head of Maintenance	Tithomas58@yahoo.com	28-Jun & 19-Jul

Meetings with IDB

Name of Employee	Institutions	Function/Title	Contact Information	Date
Koldo Echebarria	IDB	IDB Country Representative	koldoe@iadb.org	23-Jun
Ana María Sáiz Bravo	IDB	Operations Specialist, Institutions for Development	amsaiz@iadb.org	23-Jun
Sarah Mangones	IDB	Environmental Engineering Consultant	somangones@gmail.com	23-Jun

Meetings with USAID

Name of Employee	Institution	Function/Title	Contact Information	Date
Ken Smarzik	USAID/Pro jet LEVE	Value Chain Advisor	ksmarki@leve.rti.org	21-Jun
Marie-Louise Baker	USAID/Pro jet LEVE	Team Leader, Apparel & Textile	malbker@leve.rti.org	22-Jun

Gregory Avril	USAID/Projet LEVE	Deputy Team Leader, Apparel & Textile	gavril@leve.rti.org	23-Jun
Christine Musset	USAID	USAID COR		
Beatrice Pierre	USAID	M&E Specialist		
Carole Calixte	USAID	Program Assistant & Participant Training Specialist	ccaliste@usaid.gov	
Justin Selb	USAID	Program officer, Policy Coord & Program Support Office	jselb@usaid.gov	
Sam Cenor	USAID	Field Monitor	scenor@usaid.gov	

Other Meetings

Name of Employee	Institution	Function/Title	Contact Information	Date
Liz Kung	Everest Apparel	Deputy Manager	Liz_kung@everest.com.tw	27-Jun
Giri Chandrasena	Mas Holding	General Manager-Special Projects, MAS AKANSYEL, SA	GiriC@masholdings.com	28-Jun
Jean-Pierre Nirvens	Sisalco	Industrial Production Manager, SISALCO	jpnirvens@sisalcogroup.com	28-Jun
Leonard Ulrick	Peinture Caraibe		Ulricleonard7@outlook.com	28-Jun
Fernando Mercado	URECA		hlguerre@nreca.intl.org	28-Jun
Margathe Beliard	Imperial Hotel			29-Jun

Jane Keren Marcellus	Investment Facilitation Center (CFI)	Director of Facilitation	Keren.marcellus@cfihaiti.com	25-Jul
Jean Wisly Guillaume	Investment Facilitation Center (CFI)	Deputy of Facilitation	Wisly.guillaume@cfihaiti.com	25-Jul
Georges B. Sassine	Association of Industries of Haiti (ADIH)	President	administration@adih.ht	27-Jul & 11-Aug
Rode Preval	Ministry of Trade and Industry / Free Zones Directorate	Director General	info@dzf.gouv.ht	27-Jul

Annex B. SONAPI Tenants Questionnaire

COMPANY NAME	
ACTIVITY	
DATE OF ESTABLISHMENT AT SONAPI	
Number of employees	
CONTACT	
WEB SITE	

n°	QUESTION	ANSWER	OBSERVATIONS (issues)
1	When have you started your activities in Metropolitan industrial park/Caracol Industrial Park?		
2	How have you entered in contact with SONAPI (web, newspapers, any advertisement channel or from any other way)?		
3	Has that contact been easier		
4	What were the requirements to be fulfilled to establish your business here in the industrial park?		

5	Can you estimate the time it took to complete all formalities prior to start (days, months...)		
6	How do you judge that time; long, short or fair?		
7	Does SONAPI has one stop center (or one window center) to allow getting all documents from one place?		
8	What has been the main key factors which have attracted you to establish your plant activities in this park?		
10	What are the most important factors should you consider when deciding to establish in any industrial park to make your business is successful?		
11	How do you judge the contract signed with SONAPI, more demanding or less demanding_ or fair? Why?		
12	How do you judge the compliance of both parties (you and SONAPI) with regards to that contract?		
13	According to your contract with SONAPI what are the services do you expect for SONAPI, and how are they delivered?		
14	How far are you satisfied, with these services you get with SONAPI? I mean if you could have to grade it from 1-5, what would be your grade. (5 best, 1 the worst)		

15	In your opinion, what do you think are the main challenges or problems SONAPI is facing with regards to its mission?		
16	How do you submit your issues to SONAPI for maintenance or other services you may need from them...?		
17	Does SONAPI have a Service or staff where you can easily channel your issues?		
18	How long does it take for a complaint (issue) to be solved from the time the issue has been submitted to the SONAPI?		
19	In the case of Maintenance, have you ever been obliged to make some maintenance or reparation due the failure or no response from SONAPI? Can you easily recover the cost from the rent to be paid (meaning compensation)?		
20	How far are you satisfied with the current infrastructure? Do think this is right place for your business?		
21	What happen if you want to increase your capacity, does SONAPI has always solutions?		
23	If you had to set up a new plant, would you again establish it in this industrial park?		
24	What do you think SONAPI can do to make this industrial park more attractive?		

25	What would you advise to a new investor who would want to establish in this industrial park?		
26	How would you judge the commercial culture of SONAPI as a client?		